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CONTENTS

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BULGARIA

| | |
|---|---|
| Company Officials Said To Have DS Connections [DEMOKRATSIYA 1 Jul] | 1 |
| Growing Capital Market Needs State Support [DUMA 26 Jun] | 1 |
| Age Structure of Agricultural Labor Force [DUMA 27 Jun] | 3 |
| Inflation, Production Figures for May Published [DELOVI SVYAT 26 Jun] | 4 |

CZECHOSLOVAKIA

| | |
|---|---|
| First Issue of Daily Newspaper Published [METROPOLITNI TELEGRAF 29 Aug] | 6 |
| Slovak Daily To Stay as Separate Newspaper [NARODNA OBRODA 28 Aug] | 6 |
| Slovak Attack on State Bank Criticized [LIDOVE NOVINY 3 Jul] | 6 |

HUNGARY

| | |
|---|---|
| Ambassador to Washington Tar Interviewed [HETI MAGYARORSZAG 31 Jul] | 8 |
| State Secretary Calls For More State Investment [MAGYAR HIRLAP 6 Aug] | 9 |

POLAND

| | |
|--|----|
| Prime Minister's Close Associates Profiled [RZECZPOSPOLITA 4 Aug] | 11 |
| Deputy Prime Minister Discusses Duties, Goals [KULISY EXPRESS WIECZORNY 24-26 Jul] | 12 |
| Minister for Enterprise Promotion on New Office [RZECZPOSPOLITA 24 Jul] | 14 |
| Party Cooperation on Economic Goals Possible [ZYCIE GOSPODARCZE 26 Jul] | 15 |
| Public Opposed to Liquidation of Enterprises [RZECZPOSPOLITA 30 Jul] | 19 |
| Foreign Exchange Law on Treatment of Foreigners [RYNKI ZAGRANICZNE 21 Jul] | 20 |
| Brown Coal Production Statistics, Projections [RZECZPOSPOLITA 22 Jul] | 21 |

ROMANIA

| | |
|--|----|
| Mures UDMR on 'Violations' of Minority Rights [ROMANIAI MAGYAR SZO 28 Jul] | 23 |
| Miercurea-Ciuc UDMR Denounces Court Decision [ROMANIAI MAGYAR SZO 21 Jul] | 23 |
| Suto Protests Conviction of Ethnic Hungarian [ROMANIAI MAGYAR SZO 16 Jul] | 24 |

YUGOSLAVIA

| | |
|--|----|
| Effects of Embargo on Yugoslav River Shipping [BORBA 18 Aug] | 26 |
| Methods of Foreign Armed Intervention Assessed [POLITIKA 16 Aug] | 27 |
| Capability of Yugoslav Navy Discussed [POLITIKA 20 Aug] | 28 |
| Opening of Belgrade-Sarajevo Roadway Viewed [POLITIKA 13 Aug] | 29 |
| Transportation Ministry on Belgrade-Sarajevo Route [POLITIKA 13 Aug] | 30 |
| Importance of Serbian Sector of Danube Waterway [POLITIKA 10 Aug] | 30 |

Company Officials Said To Have DS Connections

92BA1215A Sofia DEMOKRATSIYA in Bulgarian
1 Jul 92 p 3

[Article by Mencho Nenov: "How the Communist Oligarchy Is Converting to Financial Oligarchy"]

[Text] *Who is running the country today? The first part of the materials published in the last issue makes it clear that this question is not all that absurd. This is confirmed by what follows.*

Interkomers VTP [Foreign Trade Enterprise]

31 Aksakov Street

General Director: Ivan Deev

This gentleman is the personal agent of Mircho Spasov and the Spasov family. In 1970, he was exposed for activities as an official in the Ministry of Foreign Trade and disciplinarily dismissed, but he was "rehabilitated" by his wife and sent by the DS [State Security] to Beirut to work for the Litex Trade Company. This was followed by two years of "work" in Libya. For reasons of proven incompetence, he was recommended for a position of specialist at the Secondary Raw Materials DSO [State Economic Trust]. In 1988, he was transferred to Interkomers, where he committed a series of administrative and financial violations, such as concealing the existence of Ikomev, an illegal company run by Kinteks, which engaged in illegal transit operations involving drugs and weapons and was granted an open-ended loan of \$8 million; he engaged in special operations for the Central Committee of the BCP [Bulgarian Communist Party] and allowed his deputy, Rosen Kerimidzhiv, to draw \$50,000 on his signature from the Bulgarian Foreign Trade Bank and go to Brazil. These and other data were published in DEMOKRATSIYA in 1990. Currently, the investigation of case No. 4/1990 includes an exchange of letters, but nothing is being done and, to this day, Mr. Deev is roaming around the world. Four foreign companies allowed him to handle their bank accounts: Ardex in Bern, Rodotakomers in Vienna, Mareks in Madrid, and Ileks in Buenos Aires. All officials of these companies, owned by Interkomers, are members of State Security: Dimitur Zlatanov, Vienna; Krasimir Georgiev, Bern; Aleksandur Parushev, Bern; Vasil Kirkov, Madrid; and Luchezar Popov, Buenos Aires. His current deputy, Nikolay Kostov, is a State Security-PGU [expansion unknown] officer. His salary is 8,000 leva, his bonuses amount to 89,000 leva, and his assignments have totaled 151 days abroad.

Kinteks AD [Corporation]

66 Boulevard Anton Ivanov, Sofia 1407, POB 209

General Director: Anton Saldzhiyski

He is the replacement of the former director Ivan Damyanov, who committed a string of violations, the number of which is so high that the financial audit is still going

on, even after two years. Unquestionably, this gentleman is in no hurry to see the final result of the audit.

Korekom AD

8 Tsar Kaloyan Street, Sofia 1000

General Director: Orlin Milev

This is one more officer from the PG [expansion unknown] of the MVR [Ministry of Internal Affairs]. Press reports show that a number of financial violations and illegal deals have been committed and that members of former Minister A. Lukanov's circle were given positions.

Tekhnooksporststroy DSO

11 Antim I Street, Sofia 1303

General Director: Emil Petrov

The latest audit here proved Petrov's culpability in a number of criminal abuses. The National Assembly sent the documents to the attorney general's office.

Balkanturist AD

General Director: Aleksandur Spasov

In simple terms, one more DS officer.

Balkanholiday International

A holding company with a total of 13 branches abroad.

General Director: Ognyan Avgarski

Chief of the Second Rayon Administration of the MVR, has visited London.

Farmakhim TPO [Productive Labor Organization]

16 Iliensko Shose Street, Sofia 1220

General Director: Khristo Drashanski

This gentleman is also an officer of the II City Administration of the MVR. He is quite mediocre as manager, but has been promoted and is supported by G. Pankov, minister of the chemical industry.

Growing Capital Market Needs State Support

92BA1190A Sofia DUMA in Bulgarian 26 Jun 92 p 6

[Article by Krasimir Tsigularov: "The Newborn Capital Market Also Needs State Support"]

[Text] *Nearly 50 years after the closing of the Bulgarian Stock Exchange, the secondary capital market is going through its second and no less difficult birth. Only weeks after the first trading for securities, organized by the Sofia Stock Exchange, regular sessions also began at the First Bulgarian Stock Exchange. The long and precise preparation and the recruiting of members of the exchange and*

stockholders of some of the most powerful financial institutions in the country right at the very beginning enabled the First Bulgarian Stock Exchange to make its organization and operating mechanisms approach those of the secondary markets known in the developed world.

It is not yet possible to discuss any specifics of the secondary securities market, asserts Viktor Papazov, executive director of the First Bulgarian Stock Exchange. The market is just being born, it is still underdeveloped, without its own characteristics. For the time being, it lacks the classic market makers, the specialized brokers. It also lacks the diversity of securities, and the dynamic is weak. The work began in an underdeveloped environment, in the conditions of no real market economy. The secondary market in and of itself is a reflection of the imperfections in the economy, Mr. Papazov says.

At the present time, stocks of just a few banks and corporations are on the market. No particular liveliness is noted after the first weeks. To a certain degree, this seemingly vindicates those experts who were apprehensive that it is far too early for the appearance of stock exchanges. The existence of corporations requires the existence of a secondary market, Viktor Papazov says in contesting this opinion. Otherwise, their existence is unthinkable. In the world, the appearance of the first corporations also called forth the appearance of the first exchanges. Securities simply have to have liquidity, and the exchange is in a position to ensure it.

The beginning process of privatization also may depend on the stock exchange. Standard practice in the world is to direct part of the shares of privatized companies to the secondary market. It is a fact of no little importance that, in any one society, the only net depositor is the population. The accumulation of these deposits—the merger of numerous small financial streams—is the principle of the corporation; the capital market is precisely the means for that. The free funds of potential investors may be directed toward making the economy dynamic, and this is the true function of the stock exchange. The remaining functions—a gauge and barometer of the financial health of the companies and of the economy, bilateral protection of stockholders and companies, countering attempts to manipulate the market—are a consequence of this basic function.

Transparency of the market, honesty, ethics, and maximum information for all interested parties are the principles adopted by the First Bulgarian Stock Exchange, says Viktor Papazov. The exchange neither buys nor sells. It only provides a place for brokers to meet. The prices of the stocks are determined freely by the brokers, and potential clients may buy or sell only through authorized brokers. The commissions for the brokers are around the lower limit of those accepted in Europe—1 percent of the volume of the transaction for bonds, 2 percent for stocks, one-thousandth [as published] for treasury bonds. The tax for the exchange itself is one-tenth of that for the broker.

Western experts often maintain that the role of the state in building the secondary capital market is exceptionally important. Bulgarian experts fear that the state pays insufficient attention to the commodity and stock markets. The basis for this anxiety is the lack of laws for the exchanges and for securities more than two years after the announced change to a market economy. According to Viktor Papazov, the vacuum is not complete, but the legislative material is loose and is not exhaustive. In principle, a law for the exchanges regulates basic concepts—what an exchange is, who can participate in it, the operating principles. First of all, it is a matter of the way in which the state regulates the exchanges through its plenipotentiaries. The last Bulgarian law was like this, and so, generally speaking, are the laws around the world. The exchange itself determines its own operation and its internal rules.

The role of the law is to ensure equal rules and regulations of the exchanges, John Kinneman, a former vice president of the New York Stock Exchange, asserted some time ago in his reports on the creation of the First Bulgarian Stock Exchange. Without this equal framework, the appearance of a lack of confidence in the organizations themselves is possible, and this may result in impairment of the interests of the investors.

The First Bulgarian Stock Exchange hopes that such a danger is avoided with the agreement of the operating rules and principles with the BNB [Bulgarian National Bank] and the Ministry of Finance. Several months of work with experts from New York and London also strengthen confidence in the building of a classic type of secondary market. However, the law for securities is of particular importance. There still are signs of insufficient interest on the part of the state. The decreased issuing of state treasury bonds was greeted with strong suspicion by the economists in our country. The last issue was barely 200 million leva, as compared with 700 million earlier. To cap it all, the price was increased by almost 2 points. The experience of the first sale of state treasury bonds at a value of 2 million leva through the exchange being declared invalid strengthens the apprehension that the secondary market of bonds may be blocked.

It is logical for the Ministry of Finance to look at the newborn market with hostility. It is very convenient for it to finance its budget deficit with direct loans from the BNB, taking the risk of pumping up inflation. It is far more convenient for the BNB to cover the deficit with state treasury bonds because, in this way, the bank reduces its risks. But the mechanism for issuing state securities is a standard practice in any normal market economy. There are contradictory interests hiding in this area, and it is still not clear what turn they will take. The experts maintain that actually delaying the secondary market and narrowing the base of potential investors at a moment when there are not sufficient securities on the market is a strategic mistake even with respect to the near future. It would reveal a desire on the part of the government officials not to leave the comfortable soft cradle of the command-administrative system.

Age Structure of Agricultural Labor Force

92BA1191A Sofia DUMA in Bulgarian 27 Jun 92 p 6

[Article by National Assembly representative Todor Tododrov: "Agriculture Is Not Carried Out by Pensioners, and the Young People Do Not Deceive Themselves"]

[Text] *In the 1930's, there were approximately 2.2 inhabitants of the country for each person engaged in agriculture, and, in the conditions of private ownership, the labor productivity did not increase for more than 30 years. If we exclude the export of certain agricultural goods, albeit very limited, it is found that one person engaged in agriculture provided for his standard of living and that of another one to two inhabitants of the country. At the same time in England, France, and Austria, one farmer provided for 10-15 persons. In this sense, the assertions that the combination of private ownership of the land with small agriculture is the panacea for the future model of successful agriculture are almost absurd.*

In the period 1946-90, there were enormous changes in our country, both in the rural population and in the number of those directly involved in agriculture. I intentionally separate those employed in agriculture from the entire population in the villages because approximately 3 percent of agricultural workers live in the cities. This must be taken into account in the case of analyzing the basic trends that were distinguished in the past 45 years. The year 1946 marks the beginning of the agrarian reform in our country and the transition from small-scale fragmented agriculture to a larger cooperative economy. If we take this year as a base, we find that, at that time, there were approximately 3.1 million people in agriculture—that is, about 80 percent of those employed in all branches of industry. After the creation of the cooperatives, the trend toward liberation of the work force from agriculture increased, particularly in the period 1956-68, when more than 1.3 million people left the industry. At the end of the 1960's, those employed in agriculture were 39 percent of the total of those employed in the productive structure of the country, which is a twofold reduction in comparison with the period of the 1940's. In 20 years, almost 1.5 million people moved from agriculture to other areas.

This trend is expressed to a slighter degree in the period 1970-90, which is explained by the significantly more stable structure of agricultural production and the comparatively high level of labor mechanization achieved in the preceding period. At the end of the 1980's, there were 780,000 people employed in agriculture, which is approximately 18 percent of all those employed in material production.

The great decrease in agricultural workers during the period 1946-90 is not to be connected with only the restructuring of agriculture, and no one is to be blamed for wrongly carrying out an agrarian policy. The causes

are many and are due not only to the nature of agricultural production and to objectively proceeding urbanistic processes, but also to the higher level of job skills, leading inevitably to other activities. For the period 1946-85, the population in the villages decreased from 5.1 million to 3.1 million, which is nearly 35.2 percent of the population of the country.

Thus, in 1946, 5.1 million Bulgarians lived in the villages, while 3.9 million were employed in agriculture. In 1985, there were 3.1 million villagers, and 787,000 were employed in agriculture. The statistics show that, with five times fewer people employed in agriculture at the end of the 1980's, Bulgaria produced more than three times more natural products (for some products more than five times). For about 40 years, the productivity of agricultural labor increased more than fivefold, inasmuch as one agricultural worker provided agricultural production for about 10 persons in 1990, and for about two persons in 1946. And, if today, it is asserted that in Greece and Portugal there is better agriculture, let us consider the following fact. Approximately 26 percent of the population in Greece is employed in agriculture, and in Portugal approximately 18 percent. In addition, in the two countries, there are respectively 93 and 40.4 decares of land per person employed in agriculture, as compared with 104 decares in our country. It is clear that the estimate for Bulgaria cannot be one-way and solely negative, in particular as relates to forms of property, land resources, and the degree of mechanization and automation of labor.

The developed agrarian countries observe a trend toward a reduction in the number of those employed in agriculture. Even in our country the processes have followed a normal direction, which is determined by the objective changes in the structure of agriculture. Considering the quantitative changes, we can draw the basic conclusion that, even in Bulgaria, the decrease in those employed in agriculture is accompanied by an increase in labor productivity.

The analysis of the personnel in agriculture shows that a favorable age and qualification structure was formed by the middle of the 1970's. During this period, the rates of increase in agricultural production are higher. After this, by the end of the 1980's, we observe a change for the worse in the age structure outstripping the qualification structure. The data of the State Administration for Information for 1967, which is taken as one of the most successful years in agriculture, show that men up to age 25 amount to 37.7 percent of those employed in agriculture, and women 62.3 percent. Men between the ages of 25 and 30 amount to 43 percent and women to 57 percent. In the border area from 36 to 49 years, the data are respectively 44.3 percent and 55.7 percent, and, in the group over age 50, men are 70.1 percent and women 29.9 percent.

With respect to age in 1967, the greatest portion—60.6 percent of all those employed in agriculture—are in the age group between 25 and 49 years old. That is, more

than half of the work force in the villages was in the most active age group. The intensification of the demographic processes and the consecutive reforms in agriculture after this year and up to 1990 led to a change for the worse in the age structure of those employed in the agrarian sector. In the period 1975-90, only 12 percent of the farmers were under age 35, and 24 percent were under age 50, which is barely 36 percent of all those employed. (In 1967, the percentage was 60.6.) These data are two times more unfavorable as compared with the situation in the CSSR, Hungary, and France, for example, during the same period.

At the same time, a change for the worse in the level of qualification of those employed in agriculture was observed in our country. From 1946 to 1970, the trend is favorable, but, for the past 20 years, the levels of qualification gradually stopped answering the modern requirements for highly efficient agriculture. Up to 1970, the specialists with secondary and higher educations in our country increased 4.7 times as compared with 1946, inasmuch as those up to age 45 amount to 92.3 percent of the workers. In 1967, almost all of the specialists were of active and creative age. However, this trend was not maintained in the following period, and, at the end of the 1980's, barely 5.7 percent of those employed in agriculture had higher educations, and only 12 percent had secondary educations. In comparison with other countries similar to us, we have 14 times fewer personnel in agriculture with secondary educations and 10 times fewer with higher educations.

All of this shows that, at the moment, agriculture in our country is characterized by an exceptionally unfavorable age and qualification structure of those employed in it because it is not possible to conduct an efficient agriculture with pensioners. May the older people forgive me.

Inflation, Production Figures for May Published

92BA1178A Sofia DELOVI SVYAT in Bulgarian
26 Jun 92 pp 1-2

[Article by Ventseslava Stoyanova: "Inflation in May Was 11.93 Percent"]

[Text] Data from the National Statistical Institute show that production in May fell by approximately 25 percent as compared with May of last year, and by 22 percent as compared with January-May 1991. The summarized information of the manufacturing establishments in the state and cooperative sector shows a slight decrease in the revenues from sales of goods and services as compared with April. The receipts were 22 billion leva, or 0.5 percent less than that of April of this year. The reserves of finished products continued to increase even in May. The difficulties in the manufacturing activity have not changed their nature. Again the manufacturing establishments consider that the difficult task of producing finished goods and securing raw and semifinished materials is a principle obstacle to their activity. The sale of industrial output was 21.6 percent less (in 1991 value)

than that of May of last year, and, for the five months, the reduction is 12.6 percent.

The statistical data show that there has been a 25-percent increase in the reserves of finished products in industry in comparison with April of this year in value of the corresponding month. The increase primarily comes from the establishments in the food and flavoring industry and in machine construction. The most unfavorable thing is the correlation between the increase in the reserves and the sales in the cellulose-paper industry—29 percent—and in machine construction and electronics, 21 percent each.

The production also decreased in kind. In May, the amounts produced for 63 percent of the items are smaller in comparison with January-May of last year, and, for 9 percent, there is still no production. The statistical studies categorically show that 82 percent of the total reduction of the revenues in the industry falls to the electronics plants, the food and flavoring industry, machine construction, and the chemical industry.

According to the statisticians, the lack of business orders is a basic cause of the low rates of production. Many of the potential partners are insolvent. The predictions say that the businesses will wait for the opening of greater opportunities for finding partners and exporting market products.

Construction

Over 1 billion leva came from sales of building products in May. The monthly amount of the revenues is larger than at the beginning of the year and is 23.4 percent of the total for January-May. However, the receipts were 125 million leva less than those of May of last year, and, altogether for the five months, this decrease amounts to 304 million leva (in 1991 value).

According to the statistical data, the limitation of the investments for the year is a basic problem for approximately one-third of the construction businesses. In May, 55 businesses suspended their activity temporarily or completely. The predictions say that the probability for revival in the construction activity in the coming months is very small.

Transport

The receipts from transportation activity in May decreased from 8.1 percent, and, altogether for the five months from the beginning of the year, by 10 percent, as compared with the same period of 1991. The businesses that are falling behind are primarily involved in water and air transportation. Their revenues for May were significantly under the level of the past year by more than 20 percent. The lack of customers and unassured cargoes are the problems of the transportation businesses.

Domestic Trade and Prices

A retail commodity turnover of 3.4 billion leva at current prices was realized in May in the trade network (without the private sector). Altogether for January-May, the commodity turnover was 44 percent smaller in comparison with 1991.

Inflation in May was 11.93 percent. The prices of the food commodities increased by 11.7 percent, of nonfood commodities by 5.4 percent, and of services by 28.5 percent.

Of the food commodities, the greatest increase in the prices was observed in the case of bread, by 24 percent; meat and meat products, by 20 percent; chickens, by 10 percent; edible offal, by 19 percent; fresh sausages, by 33 percent; milk, by 20 percent; and fresh fruits, by 20 percent.

Price reductions were recorded for the following goods in May: fresh vegetables by 6.3 percent; coffee by 0.1 percent; brandies by 5.1 percent; and wine by 0.7 percent.

In the case of nonfood commodities, the greatest increase in the prices was observed in: sports and tourist goods by 41.6 percent; haberdashery by 9.8 percent; heating materials by 13.5 percent; and footwear (except for homemade) by 15.8 percent.

A slight reduction was recorded in the case of leather garments, timepieces, and jewelry.

In the case of services, the most significant increase in prices was observed in the postal services, by 3.6 times; electrical energy, by 35 percent; construction-repair services, by 15 percent; dry cleaning, by 13 percent; and legal services, by 17.3 percent.

Commodity Turnover

The commodity turnover of the country in the first quarter of the year was 33 billion leva at current prices. The share of exports was 48.4 percent and of imports 51.6 percent. Of the total volume of exported goods, 16 billion leva, 28.4 percent are exported for countries from the European Community, 18 percent for CIS [Commonwealth of Independent States], 10.2 percent for Yugoslavia, and 7.4 percent for Turkey.

The imports for this period amount to 17 billion leva—40.2 percent imported from the countries of the EC, 18 percent from CIS, and 6.8 percent from the Arab countries.

The foreign trade balance is positive and amounts to 684 million leva. The statistical data show that, when temporary export and import of goods for processing is added, a negative balance is obtained—1.1 billion leva.

Work Force

At the end of April, the personnel in the state and cooperative businesses and organizations (not country agriculture) numbered 2,336. From the beginning of the year, it decreased by 88,000, and by 20,000 as compared with March. The statisticians think that the decrease in personnel is gradually slowing down.

The monthly average number of personnel laid off from work because of shutdowns and staff reductions amounts to 14,000 people, and in 1991 23,000. In April, 13,668 were laid off, of which 52 percent were in industry, 19 percent in trade, and 10 percent in construction. For the activities in the noncommercial area, the share is 11 percent.

First Issue of Daily Newspaper Published

AU0109125792

[Editorial Report] "Issue Number One" of Prague METROPOLITNI TELEGRAF (Metropolitan Telegraf) in Czech, a new daily newspaper resulting from the merger on 25 August of Prague TELEGRAF in Czech and Prague METROPOLITAN in Czech was published on Saturday, 29 August. It carries on page 1 the following 250-word statement by chief editor Ivan Bednar:

"Dear readers:

"You hold in your hands the first issue of the merged dailies METROPOLITAN and TELEGRAF. The reasons for the merger were explained by the publishers a few days ago. We want to assure you that this merger preserves the right-wing orientation of the new daily also in the future. The new daily has set as its aim to become a quality right-wing newspaper of a conservative type.

"The basic orientation will be retained. We want to continue to give support to the current economic reform, to the transition to market economy, to the reinforcement of the democratic principles of state administration, to the protection of individuals' civic rights, to entrepreneurial activity, and the like. We will continue to strive for an objective view of our past, both remote and recent, and will enforce the right to justice.

"The situation in which our state has found itself is not easy. The solution to basic issues concerning the constitutional arrangement of the state is one of the most urgent tasks faced by the present political representation. It is understandable that a daily of our orientation will support the right-wing part of the political spectrum in this regard, without showing preference for any specific political party. We are confident that you will understand us and that, by joining forces and with your support, we will succeed in creating a strong right-wing daily.

"We all need it very badly."

Prague METROPOLITNI TELEGRAF in Czech differs from its predecessor, Prague TELEGRAF in Czech, the last issue of which was published on 28 August, in its larger format (19 by 13 inches, compared with TELEGRAF's 17 by 12 inches) and in the use of colored paper (lemon yellow, compared with TELEGRAF's ordinary white newsprint). The number of pages (32, of which 16 pages are a weekend supplement) and price (3.50 korunas for the enlarged Saturday edition) remain unchanged.

The information block at the bottom of page 18 provides the following information on the daily: "METROPOLITNI TELEGRAF, published daily except Sundays by METROPOLITAN Ltd. Chief Editor Ivan Bednar. Deputy Chief Editors Jan Vavra, Halina Pawlowska. Editorial Office Secretary Jiri Piskacek. Editorial office address: 4 Opletalova Street, 110 00 Prague 1, tel. 265741-9, fax 267231. Advertisements: 55 Spalena

Street, 110 00 Prague 1, tel. 299734. Distribution: 13 Dlouha Street, 110 00 Prague 1, tel. 231 07 24/201, 283, 207. Printed by the Mir [Peace] printing plant, 15 Wenceslas Square, 141 01 Prague 1. Distributed by the Postal Newspaper Subscription Service and by private distributors."

Slovak Daily To Stay as Separate NewspaperAU0109125992 Bratislava NARODNA OBRODA
in Slovak 28 Aug 92 p 2

[Article by "mm": "TELEGRAF's Fate: Merger in Prague. And What About Bratislava?"]

[Text] As we learned, a new daily will be published in Prague as of Saturday [29 August]. Its preliminary title is METROPOLITAN-TELEGRAF. The merger of these two dailies has been caused by serious economic problems and a low print run. The partners hope that merger will make it easier to attract foreign capital, which they badly need to cover their expenses. We inquired about the fate of TELEGRAF in Slovakia. Milan Richter, chief editor of the Slovak TELEGRAF, told us that their daily will continue to be published in an unchanged volume. The publisher TELEGRAF Ltd. Prague will thus be publishing only one newspaper—the Slovak TELEGRAF.

Slovak Attack on State Bank Criticized92CH0769B Prague LIDOVE NOVINY in Czech
3 Jul 92 p 6

[Interview with Pavel Kysilka, deputy vice governor of the State Bank of Czechoslovakia (SBCS) Center for the Czech Republic, by Petr Husak and Ivo Polisensky; place and date not given: "Whither Slovakia?"]

[Text] Why did Anton Vavro request to be relieved as vice governor of the SBCS [State Bank of Czechoslovakia], entrusted with managing its Center for Slovakia? We asked this question of Pavel Kysilka, the deputy vice governor of the SBCS Center for the Czech Republic.

[Kysilka] On Monday, in introducing the Banking Council, Mr. Vavro presented a letter in which he states that he is abdicating his office. The governor must now inform the president. Only he can recall members of the Banking Council and appoint them. Mr. Vavro stated that, under the current political and economic situation in Slovakia, he would very likely not be able to carry out his duties according to his best conscience. He did not give any other reasons for his resignation.

[LIDOVE NOVINY] Is it possible to assess the substantive moments which led Anton Vavro to such a decision?

[Kysilka] The SBCS must oversee the preservation of the stability of the currency. I believe that the forms for constitutional arrangement proposed by the HZDS [Movement for a Democratic Slovakia] pose a threat to the fulfillment of even these fundamental goals of the

State Bank as a monetary institution. Therefore, in order for us to be able to perform these duties, it is necessary for the fundamental prerequisites to be fulfilled: Among others, these are a unified, disciplined, and coordinated government economic policy. If the economic program of the HZDS is to be implemented in Slovakia and the economic program of the government coalition is to be implemented in the Czech lands, then a true "divorce" will have taken place between both republics, particularly thanks to differing budgetary policies. The Slovak budget would most likely be moving toward a budgetary deficit. In such a case, the government normally issues bonds—state securities—with which it vies for the savings of the public. It thus displaces the private sector for which simply no money will be left. No one can be compelled to buy government bonds. These are purchased by the public voluntarily. In order for the public to buy them, their interest rates must be raised. The rise in the interest rates is again accomplished on the backs of businessmen. If the state becomes disproportionately indebted, it falls into a debtor trap. If, in such a case, the government wants to fulfill its obligations, it must issue new securities. It finds itself in a debtor spiral. In this kind of situation, the central bank can pursue a so-called accommodative or nonaccommodative policy. In the former case, it attempts to release less money into the economy, aware of the fact that the consequences based on this situation will be settled by the voters directly with the government. However, no central bank can adhere to such a policy for long. Under pressure from the government and from business, it will release more money to the economy in time. By issuing state securities, the government "steals" money from the economy on the one hand and, on the other hand, asks the central bank to pump it back again. This process is called monetizing the government debt. Part of the funds which the central bank releases to the economy are devoted to purchasing government bonds and to the printing of inflationary money. If one portion of the Czechoslovak federation were to find itself in a similar debtor trap, it would debase everything which is jointly held in the economy. It would devalue the common currency and, through it, the entire economy of the federation. Personally, I believe that the above-mentioned example could be one of the reasons why Anton Vavro perceived a conflict between the orientation of the economic policies of the Slovak government and his notions on carrying out the function of vice governor of the SBCS.

[LIDOVE NOVINY] Mr. Knazko recently stated that the object of further negotiations between the ODS [Civic Democratic Party] and the HZDS will also be the staffing of some jobs in the SBCS....

[Kysilka] This assault on the State Bank does not surprise me at all. After all the words on international legal subjectivity, the HZDS finally came to the core of the problem, and that is money. The central bank is a great obstacle to the new Slovak government in realizing its economic policy. That is what occasioned Knazko's assault on the position of the governor. One other thing is connected with the discussion surrounding monetary policy and the SBCS. In Slovakia, the notion exists, represented by Huska, Kovac, Tkac, that the present sovereignty of commercial banks should be restricted. According to the views of these individuals, these banks should be allocating credits to enterprises and sectors on the basis of centralist decisions by the state. This is the second reform wave of the 1960's. To a considerable extent, these visions are identical with the Polish and Hungarian economies in the 1980's.

[LIDOVE NOVINY] What do you say to the computed rate of exchange of a possible Czech and Slovak koruna at 1:1.06 and the contemplated issuance of several billions in "investment" korunas in Slovakia?

[Kysilka] To compute some kind of rates of exchange today is a mistake. They definitely cannot be computed only on the basis of comparing productivity. The rate of exchange is a matter for the market. It reflects confidence in the currency, the political development in the given country, etc. Someone might be willing, for example, to pay a certain sum of money for a German mark without regard to the ratio of productivity. It is nonsense to quantify exchange rates in this way. Moreover, there is only one koruna. Investment korunas, korunas for wages, and other types of compartmentation were practiced under socialism. Today, it is 1992 and Mr. Tkac is contemplating the issuance of 10 billion "investment korunas" destined for the infrastructure. According to him, this money is not inflationary because, in the future, it will result in a greater supply. In the case of investments in the infrastructure, the effectiveness—which is, for the most part, indirect—is calculated to spread over decades into the future. It is an illusion to think that they do not have an inflationary effect.

[LIDOVE NOVINY] What would be the worst thing for our economy at present?

[Kysilka] The worst would be an unpleasant troubled situation which would act to prolong today's uncertainty. If a kind of joint state were to exist, but with two differing economic policies. If the central bank could not fulfill its legal function—the preservation of the stability of the currency. A demand for two banks of issue clearly points at the partition of the state. Separation of the currency was one of the principal reasons for the partition of Germany in 1949.

Ambassador to Washington Tar Interviewed
92CH0872D Budapest HETI MAGYARORSZAG
in Hungarian 31 Jul 92 p 3

[Interview with Pal Tar, Hungarian ambassador to the United States, by Jozsef Puskas; place and date not given: "Hungary, as Seen From the United States"]

[Text] [Puskas] Mr. Ambassador! Considering the momentary U.S. political situation and the upcoming elections, how do U.S. Government officials and the public view Hungary?

[Tar] Hungary is held in the highest regard both by the U.S. Government and the U.S. public, and that also includes the press. They regard Hungary as the most stable country in the region, as a country in which democracy has been accomplished, and in which they recognize the forceful development of the market economy. Correspondingly, U.S. capital continues to manifest a strong interest. It must be understood that Hungary's share of foreign investments amounts to more than 50 percent of all foreign investments in the region, and that is a tremendous accomplishment. Within that, the ratio of U.S. investments in Hungary alone amounts to the same as the total of all other foreign investments in Hungary. That shows that Hungary's situation is viewed as more favorable than that of the neighboring countries, except perhaps the Czech lands. And I will underscore: the Czech lands, which, like we, present a very favorable image! Maintaining the volume and pace of U.S. investments represents a very important Hungarian interest. It is one of the important functions of the Hungarian Embassy and the Hungarian trade offices in Washington to enhance information flow in that regard. To accomplish it, Hungary's political life must remain stable, democracy must be brought to fruition, human rights must continue to be respected, and a responsible Hungarian foreign policy must continue to be pursued vis-a-vis every country in the region.

[Puskas] What is the U.S. Government's view of Hungary?

[Tar] A very close, personal relationship has evolved between President Bush and Prime Minister Antall. They regularly talk over the phone and correspond. They frequently exchange thoughts about the problems of the world, and also about the situation in our region, of course. They discuss issues like the South-Slav crisis or the problems of the Czechoslovak tensions. The Hungarian prime minister is very highly regarded by the U.S. Government. Beyond that, in the course of our visits to the various states, cities, and universities, we experienced unprecedented friendship. I do not believe that a relationship as good as today has ever existed in the histories of the U.S. and the Hungarian people. We are intent on further strengthening that process by the workings of the embassy.

[Puskas] What do you think of the most recent development in the U.S. race for the Presidency?

[Tar] Things I have said before also take place in the context of an American election year, one that has produced quite a few surprises thus far. That is partly the result of the fact that the Soviet Union ceased to exist last December. Accordingly, the enemy image that has pressured the American public for long decades has disappeared. In the past, that pressure strongly influenced presidential elections because Americans wanted presidents capable of appropriately managing a hostile challenge. That no longer exists, and as a result of that the American public feels that more attention must be paid to the internal affairs of the country, to the American economy. That is even more so because the recession is lasting longer than estimated by professionals and by the U.S. Government. As everywhere in the world, helping to boost the economy is a governmental function and responsibility, jointly with Congress, with parliament [as published]. In this election race that has materialized in the fact that in addition to the candidates of the two large parties, independent candidates have also appeared, and have been able to prevail for a while. In the end, however, the classic two-party system has won, despite the fact that very many serious political scientists had discussed the diminished influence of the two-party system and of the two parties. It now appears that this was not the case. We will find out in early November whether the American people reelect President Bush, whose foreign policy credentials are not questioned, but who is burdened by the recession.

[Puskas] What is the situation at the Hungarian Embassy in Washington?

[Tar] Since my arrival nine months ago, the embassy had been substantially reorganized and made more efficient. We were able to accomplish that by better organizing our work than before, and by having a more united team as a result. We managed to put together a team in whose effectiveness I have great confidence. We regrouped our forces in a way that we are able to perform much stronger political and diplomatic work than before. The specialized fields were handled well before; I have in mind culture, education, research, agriculture, and of course the press and the Hungarians residing in the United States. I very much hope that the Washington embassy will perform at its peak in the upcoming years.

[Puskas] Hungary has been promised by the United States and Western Europe several tens of millions of dollars worth of purchase orders for delivery to the Commonwealth of Independent States. Why didn't Hungary receive those orders?

[Tar] I understand that we have received such orders, but in far lower quantities and for less money than originally planned. There are many reasons for that, I'm sorry to say. First of all, the countries and governments that decided to support the CIS [Commonwealth of Independent States], and that use their taxpayers' money for that purpose, must give preference to their own enterprises, of course. That situation also exists in the United States where unemployment is on the increase. The idea of

providing help can be more easily explained to the public if such help indirectly also helps their own country. The thought was very nice. But I regret to say that we must admit today that the idea had not been realized as it was hoped to be.

[Puskas] Trade union elections will be held in Hungary soon. Are they watching in America whether the system is also going to change in the trade unions of Hungary?

[Tar] It is well known that the influence of trade unions is declining in the Western world. The situation is the same in America. Despite that, trade unions have always represented a strong force, one could say political power, because it is well known that the large American trade unions support the Democratic Party. American trade unions are democratic, free trade unions. They maintain relations with and support foreign trade unions, which came about as a result of democratic processes and which operate based on the fundamental principles of democracy. It was obvious that the trade unions did not regard the trade union of the old system as an appropriate institution, and therefore they urged from the very beginning the development of democratically elected, free trade unions in Hungary. They do not want to interfere with the internal lives of trade unions in any country. Nevertheless they regard as very important that trade unions operate on the basis of pluralism and democracy, and that they maintain an appropriate balance in the political and economic life of a given country, in addition to representing employee interests. At the same time they also underscore the importance of the ability of the economy to function and to develop, rather than having to discuss employer and employee concerns under anarchistic conditions.

State Secretary Calls For More State Investment

92CH0850A Budapest MAGYAR HIRLAPO
in Hungarian 6 Aug 92 p 3

[Interview with Gyorgy Schamschula, state secretary at the Ministry of Labor, by Judit O-Varga; place and date not given: "I Do Not Believe in Local Crisis Management"]

[Text] *Within the government there are two distinct concepts of how to manage unemployment. One concept holds that the government should not intervene in the economy because eventually the economy will automatically absorb the unemployed masses. According to the other concept, however, it is the government's duty to intervene in order to prevent a further rise in unemployment. Gyorgy Schamschula, state secretary at the Ministry of Labor, subscribes to the latter concept.*

[O-Varga] According to the concept that also has your support, the state ought to begin investing heavily next year, in order to halt the rise in unemployment that is already starting to become critical. This concept, which for the time being still remains at the level of an idea, was taken off the agenda of the economic cabinet's meeting last week. Can the plan to establish a State Office of

Public Works, which is to coordinate intervention in the economy, become reality by 1 January of next year?

[Schamschula] I usually like to win. The idea, incidentally, is a fairly recent one. It emerged in the spring, when we were forced to admit that unemployment would not stop at the half million mark.

[O-Varga] In the Ministry of Labor, which carries primary responsibility for the management of unemployment, one could hear even before this that the tools of employment policy alone are inadequate for managing a rise of this magnitude in unemployment. As you people have often emphasized, a change in the economy's management is needed here, if we wish to reduce unemployment. The economic ministries do not seem very enthusiastic about accepting that idea.

[Schamschula] The government's work cannot be carved up, and the Ministry of Labor is a part of the government. Obviously, we too have our particular interests. But the way I see things now is that, by next year, unemployment might impose such a burden on the state budget and the economy that modernization itself could be jeopardized. Modernization is priceless in the long run. Last year we regarded the fight against inflation as our most important task, and our success has not been insignificant by any means: The rate of inflation has dropped from 38 percent last year to between 20 and 25 percent this year. That is enormous progress. But we know very well that anyone who attempts to curb inflation through unemployment will get an ample dose of both. Also for that reason, I think, the curbing of unemployment ought to be regarded as the government's primary task. And that will not only be in the Labor Ministry's interest. Persistent unemployment on such a scale would induce a general economic recession. Bear in mind that, in the absence of any real economic performance, such sums cannot be paid out without harming the functioning economy. Not only would the state budget be burdened with compensation payments to the unemployed, but the budget's revenue side would also be weakened, because the unemployed would of course be paying less in premiums based on their incomes. Incidentally, even a well-functioning market economy would find it difficult to cope with unemployment that is around 10 percent.

[O-Varga] How much are we spending on unemployment this year?

[Schamschula] Foreseeably 70 billion forints will be spent by the end of this year on passive measures. That will be the total expenditure of the solidarity fund, from which unemployment compensation is paid. For the so-called classical active tools of employment policy—retraining and job-creating subsidies—we are getting 16.5 billion forints from the state budget this year.

[O-Varga] That ratio is rather unfavorable for the active measures that might be providing the way out.

[Schamschula] That is the amount of money available.

[O-Varga] One way of creating jobs is that entrepreneurs, if they meet certain conditions, may claim subsidies from the employment fund. Is it possible to check whether the entrepreneurs really maintain those jobs?

[Schamschula] It is very complicated to demonstrate the direct effects of subsidies. I would say that we are employing this not very effective method of creating jobs merely because we are forced to rely on it heavily.

[O-Varga] Specifically unemployment is one of the most important characteristics of the depressed regions that have developed in Hungary. Does the government have as yet a strategy for managing the economic crisis?

[Schamschula] I do not believe in local crisis management. Consider Ozd. How many billions we have spent on it already, with practically nothing to show for our efforts. I could cite foreign examples as well. The government in Rome poured enormous amounts into southern Italy, without any truly resounding success. The heavy-industry region in the Midlands of England

has likewise remained paralyzed, in spite of the injections of cash from the state budget. And look, every foreign capitalist wants to locate in the Szekesfehervar area. Why? Because there he is able to find the manpower base that modern industry needs.

[O-Varga] That is why it would be important to start large-scale state investment projects, to provide job opportunities for less-skilled workers.

[Schamschula] Already the program of national renewal, the government program, incorporates the idea of aiding housing construction and the infrastructure's development. Thus the large-scale investment projects that the State Office of Public Works organizes would mean the implementation of the objectives set by the government. Naturally, many of these investment projects could provide job opportunities for less-skilled workers as well.

[Budapest MTV Television Network in Hungarian at 1800 GMT on 16 July quoted Schamschula as saying that, lacking large-scale state investment in the infrastructure, unemployment in Hungary will reach 900,000 by the end of 1993.]

Prime Minister's Close Associates Profiled

92EP0614A Warsaw RZECZPOSPOLITA in Polish
4 Aug 92 pp 1-2

[Article by Kazimierz Groblewski: "Three Men and a Woman—The Prime Minister's People"]

[Text] Jan Maria Rokita and Tadeusz Syryjczyk are the persons whose names were mentioned by all the politicians whom we asked who they consider to be "Suchocka's people." This is no surprise—in one of her first interviews (Zycie Warszawy), the prime minister named these two people specifically as her friends ("I will have two friends, on whom I will rely very much, in the closest association"). Several politicians (mainly from the Democratic Union) also mentioned the name of Bogdan Trepinski, director of the prime minister's cabinet, as being among "Suchocka's people." They added that they were surprised by this appointment.

Rokita, the Perpetual Thinker

We heard the Democratic Union view of the chief of the Office of the Council of Ministers, Jan Rokita, that he has an "intellectual influence" on Prime Minister Suchocka.

His colleagues from the Parliamentary Club of the Democratic Union say he is a good organizer, conducts meetings flawlessly, is a perpetual thinker, very intelligent, and one of the few true statesmen. In the opinion of one of them, Jan Rokita "has an original sense of humor, especially on the subject of himself."

He got his law degree at Jagiellonski University. Before joining the military, he was a member of the regional government of the Independent Union of Students. He is 33 years old. In the second half of the 1980's, he was active in the Freedom and Peace Movement. He published in the underground press. In his previous term of office in the Sejm, he was vice chairman of the Citizens Parliamentary Club (where the chairman was Bronislaw Geremek), and head of the Special Commission for Studying the Activity of the Ministry of Internal Affairs.

One may meet the opinion in the press that it is probably Jan Rokita who "invented" Hanna Suchocka, or that he was the first to have the idea that a small coalition should advise Prime Minister Hanna Suchocka. In the Democratic Union, we overheard a somewhat different version—that Hanna Suchocka was collectively "invented." Already in earlier government crises, when it became increasingly more obvious that a first-row politician had little chance of creating a cabinet that would have the support of the Sejm majority, various persons in the union, a little in jest, proposed that "the time may be right for Hanna."

During the building of Suchocka's cabinet, the candidates mentioned for the position of head of the Office of the Council of Ministers [URM] were, besides Jan

Rokita, Piotr Nowina-Konopka of the Democratic Union, and Krzysztof Zabinski of the Liberal-Democratic Congress.

Liberals have grievances towards Jan Rokita. In their opinion, he does not uphold the negotiated settlements between the Liberal-Democratic Congress and the Democratic Union. As they say, the agreement was such that he would be head of the URM, but his first deputy would be Krzysztof Zabinski. So far, Zabinski has not been appointed.

"He is intelligent, and has unusually high ambition. He is clearly starting to break off from the string of his own club—and I am not sure if he is also not breaking off from the prime minister's string," says a politician of the Center Accord, which opposes Hanna Suchocka's government, about Jan Rokita.

In an interview for Zycie Warszawa, the head of the URM said that greater capacities of influence are ascribed to him than he actually has. "I attest to the fact that I am making a good impression."

Syryjczyk Often With the Prime Minister

In so far as it is said that Jan Rokita has an "intellectual influence" on Prime Minister Suchocka, it is said that Tadeusz Syryjczyk influences the prime minister by his constant presence with her. Of course, television viewers often see this handsome man near Hanna Suchocka.

He was named to undersecretary of state in the URM with orders to organize the office of forecasting of government work. What this office should be is still unknown at this time. It probably will be a group of advisors to the prime minister. According to recent information, the office has to operate on two tracks—a section of "current information" is being organized by Jacek Sawicki (former head of Tadeusz Syryjczyk's cabinet, while the latter was still minister of industry, and head of the cabinet of the successive ministers of industry), and a "long-range planning" section is being organized by Rafal Matyja (member of the Republican Coalition).

We hear it said of Tadeusz Syryjczyk that this man is an encyclopedia—his mind works in very high gear, he is capable of compromise, and is not doctrinaire. "He has a lovely blond wife," is as much as one of the Democratic Union deputies wants to say officially about Syryjczyk.

"Syryjczyk understands the economy. All the same, he is dogged by the issue of his ignorance of industrial politics from the times when he was head of industry," says one of the deputies of the Center Accord.

On this same issue, one of the liberals said that Syryjczyk "certainly has his own reflections about how he did as minister of industry, and also has a distance and understanding of both his achievements and blunders."

Tadeusz Syryjczyk was minister of industry in the cabinet of Tadeusz Mazowiecki. He is 48 years old. He is

from Krakow, similar, anyway, to Jan Rokita. He completed his electronics degree at the Mining and Metallurgy Academy, where he defended his doctoral work. Before entering the military, he was in the Malopolski Regional Administration of Solidarity. He is cofounder of the Krakow Economic Society. In the Democratic Union, he is a member of the Forum of the Democratic Right.

Several deputies from various groups predict that Syryjczyk, known for his liberal views on the economy, certainly will enter into conflict with the equally sure of himself economist, Deputy Prime Minister Henryk Goryszewski.

President of Gniezno Is Head of the Prime Minister's Cabinet

The head of Prime Minister Suchocka's cabinet, Bogdan Trepinski, just recently became president of Gniezno (since June 1990). The fact that Prime Minister Suchocka entrusted him with the position of head of her cabinet was a surprise to several Democratic Union deputies with whom we talked.

"We met during work at Adam Mickiewicz University in Poznan," says Bogdan Trepinski. "We became better acquainted when I was a legal advisor at the Deputy-Senator Office of the Citizens Parliamentary Club in Poznan in a previous term—the office also served Hanna Suchocka. There was also a brief joint stay in Belgrade; I was receiving educational training, and she was at a conference. This friendship may be talked of too much, but we certainly have confidence in each other," he says.

Bogdan Trepinski was born in Gniezno, will be 50 in October, is a graduate of Adam Mickiewicz University in Poznan, a doctor of legal studies, and wrote several dozen papers on the subject of labor law and social insurance.

"The times are so difficult, and the prime minister has undertaken such a hard task, that if she requested help, I could not refuse," he states. He was surprised by the proposal. He does not belong and never did belong to any party.

Deputy Prime Minister Discusses Duties, Goals *92EP0614B Warsaw KULISY EXPRESS* *WIECZORNY in Polish 24-26 Jul 92 p 5*

[Interview with Pawel Laczkowski, deputy prime minister for political affairs, by Bogdan Mozdzynski; place and date not given: "Lightning Rod of the Suchocka Government: Conversation With Deputy Prime Minister Pawel Laczkowski"]

[Text] [Mozdzynski] Why did you, specifically, become deputy prime minister for political affairs? Is this the result of a division of influence in the government?

[Laczkowski] The fact that I, specifically, took over this function is because, in coalition discussions, in spite of

what the press wrote, seats were not the only thing discussed. If they had been, I would not have had any chance for the position of deputy prime minister, because my Party of Christian Democrats is sparsely represented in the Sejm.

[Mozdzynski] So, what determined that you would be one of the three most important people in the government?

[Laczkowski] I think it is the result of the politics consistently practiced by my group. We did not engage in unnecessary conflicts, always sought contacts with other Solidarity groups, and tried to join them. I also think we played an essential role in the building of a large coalition. The coalition had to enlarge the political base of the Olszewski government. This failed, but not because of the coalition members. We profess political pragmatism.

[Mozdzynski] They say that you, especially, strived for the cohesion of the "group of eight"?

[Laczkowski] I regrettably state that only a "group of seven" remained supporting Madame Suchocka's government. I would have had a feeling of total success, if the Center Accord had also been in the coalition. But not everything depended on me.

[Mozdzynski] Who exactly are you to be in Hanna Suchocka's government? Will you cement this cabinet?

[Laczkowski] That is exactly how I perceive this role. What is involved is that extreme opinions should not be voiced in the framework of the coalition pact, because that threatens to tear it apart. The need of the moment is compromise. So it is rather fortunate that I know how to come to terms with all of the coalition members. I think there are matters which we all absolutely agree on. This was clear at the time we tried to rig up a large coalition. The result of comparing the programs of the "small coalition" and the coalition supporting the Olszewski government was that we can accomplish certain matters together. This gave hope for the future.

The common field for the current coalition is, however, rather narrow, and this is certainly the basis of this government's weakness. It cannot operate on a broad front. On the other hand, however, this government must be extremely clear-cut. Because, as it turned out, after the first session of the new council of ministers, going beyond economic problems and those associated with reform of the state structures immediately causes divergence of opinion.

[Mozdzynski] Will you please mention three issues belonging to this "common field"?

[Laczkowski] One can see, after the first session of the government, that everyone agrees what is needed: to stabilize the situation of state enterprises (the feeling of threat among their staff can no longer be sustained), to guarantee the Polish village normal, peaceful working conditions, and to bring the Polish and European economies in closer association.

[Mozdzynski] What is the most important issue on which there is no agreement in Hanna Suchocka's government?

[Laczkowski] There are many controversial issues, even the field of preserving Polish agriculture, or the field of foreign capital's involvement in our economy. But disputes must not develop. I think the success of this government will be possible if reasonable industrial politics is realized and a sensible program worked out on behalf of the generation being born. The previous three governments made no mention of the problems of youth, as if fearing to raise the slogan, made repugnant in the Polish People's Republic, "youth is the future of the nation." But we must not react allergically. There can be no good in a country in which opportunities are not created for young people. I think the goals would be, for example, to introduce credit bonuses, which they could use for education, or for starting up a household, entering into adult life.

[Mozdzynski] I would like to return to your role in Hanna Suchocka's government. Please go into detail....

[Laczkowski] My role in the government may be expressed briefly: go-between, mediator, lightning rod, and coordinator. Therefore, my duties will include contacts with political organizations, the Church, the president's office, and representatives of national minorities. They will, after all, be mainly actions of a mediatory nature. As a mediator, I intend to try to make it so that political disputes within the frameworks of the government coalition do not destroy this government. The council of ministers cannot become a mini Parliament. It must make decisions. I am completely aware that the lightning rod exposes itself in order to protect the building.

I will eventually coordinate government activity not associated with the economy, and with the multiplying of the national income. From the division of tasks between Deputy Prime Minister Goryszewski and me, it turns out that I often get political affairs associated with the activity of the Ministry of National Defense, Ministry of Higher Education, and Ministry of Foreign Affairs (obviously, in the sphere not reserved for the exclusive management of the prime minister or president) and the ministries of justice, education, labor, and culture. The result of this coordination should be social and socioeconomic programs. We are intent on bringing it to that, about which President Walesa once jokingly said: Balcerowicz should have a twin. This means that, on the one hand, the government would achieve a reasonable economic program, while, on the other hand, it would look to the social security of society. If it is a matter of protective action, then we will have much to do here with Minister Kuroni.

[Mozdzynski] Which of your people pretends to the role of "Balcerowicz's twin"?

[Laczkowski] Taking into consideration our traditions in this area, I readily leave this place to Minister Kuroni.

[Mozdzynski] "I especially fear for the role of the deputy prime ministers, even if for this reason, that one of them has the name Pawel and the other Henryk. Neither of them has the name Jan or Tadeusz." In this way, Jaroslaw Kaczynski, leader of the Center Accord, commented on the statement of Hanna Suchocka. The prime minister said: "I will have two friends, in very close association, on whom I will depend—Tadzi Syryjczyk and Janek Rokita." Are you not afraid that you and Henryk Goryszewski will be figureheads in this government?

[Laczkowski] Knowing Mr. Goryszewski, I believe it will be difficult to make a figurehead out of him. I also will not submit to such a role. Our positions in the government result from the accepted division of competences. Therefore, I do not fear being eliminated from the decision process. Jaroslaw Kaczynski caught—as usual with a great sense of humor—the statement of the prime minister and used it like a perfect orator, as a slip of the tongue is used. I would not look for a threat in the words of Hanna Suchocka. And, moreover, she has the full right to talk on the subject of her friends.

[Mozdzynski] All the same, Tadeusz Syryjczyk and Jan Rokita will be her subordinates....

[Laczkowski] Syryjczyk is an adviser to the prime minister and does not have an official dependence among us. We want to demonstrate our abilities to Minister Rokita, but I do not foresee any problems along these lines. In addition, all of us are from a common Solidarity root, after all. In such an atmosphere, matters are settled differently.

[Mozdzynski] This common root did not help, however, in the formation of the government of "eight." The Center Accord does not participate in it. But the SLCh [Christian Peasant Party], formerly the Polish Peasant Party—"Solidarity" [PSL—"S"], joined the government in spite of the fact that it was in a union with the Center.

[Laczkowski] In spite of everything, I count on cooperation with the Center Accord.

[Mozdzynski] Is it significant that both you and Prime Minister Suchocka are from Wielkopolska? Do they currently speak of the "Poznan connection," as they did the "Gdansk" one?

[Laczkowski] And as they spoke of the "Silesian" one. In the past, jokes were told all over Poland, such as the Warsaw dwellers go to the station and see who took the train from Katowice. If accepting this facetious convention, then one could say that Mazowiecki's cabinet was a Galicia government, Bielecki's was a Gdansk one, and Olszewski's was a Warsaw one.

[Mozdzynski] I think these designations indicate the characteristics of the people who set the tone for the government. It is said, not without reason, that the Wielkopolskites are thrifty, objective, not wasteful of time, energy or money....

[Laczowski] As a Wielkopolskite to the core, I will not object to this praise, although, as a sociologist, I must object to the stereotype. I want to be praised after my work is done, not before.

Minister for Enterprise Promotion on New Office
92EP0593A Warsaw RZECZPOSPOLITA (ECONOMY
AND LAW supplement) in Polish 24 Jul 92 p 1

[Interview with Zbigniew Eysmont, minister without portfolio for enterprise promotion, by Aleksandra Bialy; place and date not given: "An Appetite for Entrepreneurship"]

[Text] [Bialy] How do you feel considering that some people call you "a pearl" while others comment that your position is unnecessary?

[Eysmont] I feel just great because, as each day passes while this office is in operation—and it is still in the organizational stage—the opinions on the relevance of its establishment are clearly changing.

[Bialy] As the minister without portfolio for enterprise promotion you represent a new office and one unprecedented for Poland. What legal regulations govern the operations of this ministry and what authority do you have?

[Eysmont] The scope of activities of the minister without portfolio shall be determined through an appropriate resolution of the prime minister and the council of ministers. At the moment we are drafting a resolution that will define the scope of both my responsibilities and powers.

[Bialy] What then are these responsibilities to be like?

[Eysmont] Two basic goals will underlie my activities. First, is the integration and cataloging of all domestic and foreign means of assisting the growth of private enterprise. At the moment these resources flow to various addressees, which dispose of them without necessarily coordinating their activities. I want to integrate these expenditures.

[Bialy] How?

[Eysmont] The disposition of these funds should, in my opinion, allow for national interests, including the interests of the national economy. At the same time, these matters must be resolved in consultation with representatives of businessmen groups. In the end, these funds are destined for them and that is why I believe that they should have at least an advisory voice on the matter.

[Bialy] And secondly?

[Eysmont] I want to develop a program for the growth of Polish private enterprise in cooperation with businessmen. It should be correlated with the general government program on the economy. A situation in which Polish private enterprise proceeds in one direction, and

government objectives are aimed in another direction, should not be allowed to happen. There should be coordination.

[Bialy] When will that program be ready?

[Eysmont] Prime Minister Suchocka has notified Parliament that she will present a specific program within three months. I hope that by then we also shall succeed in presenting at least an outline of a program for promoting Polish private enterprise.

[Bialy] How do you define an entrepreneurial individual? Would you consider him to be one who stands on a sidewalk and sells from a rucksack knives which he had acquired from some suburban wholesaler?

[Eysmont] It is a mistake to identify an entrepreneur with a huge Mercedes, a country house, or personnel of 500 or 1,000 working for his company. An entrepreneur is anyone who tries to do something on his own, with his own money, who tries to set up a small private enterprise. He may be a farmer, the owner of a Ruch newsstand, or a highway vendor of hot dogs. I believe that our purpose is to make it easier for such individuals to start their own businesses if their financial resources are limited. We plan to establish for them certain lines of credit or use assistance funds to provide low-cost credit. The entire world is based on credit funds, and in Poland this is necessary.

[Bialy] The private sector is complaining about its financial problems. A popular saying is that the most widespread form of payments nowadays is the postponement of the payment deadline. Do you merely intend to provide moral support for such people, or do you have something more to offer them?

[Eysmont] I want to begin by studying the situation of private enterprise in Poland. There exist certain relationships between the private and state sectors. Wherever unemployment is greater, wherever state enterprises are collapsing, there the private sector has an opportunity for a rapid reconstruction and utilization of the unemployed. After this assessment study is completed, its findings will be distributed in full to businessmen along with data on mandatory regulations, on the procedure for establishing companies, etc. This should facilitate their own operations.

[Bialy] How will that information be made available to them?

[Eysmont] Through organizations associating private entrepreneurs.

[Bialy] Several days prior to your appointment to the ministry, the Congress of Private Businessmen, organized by the Convention of Businessmen, Merchandisers, and Agricultural Producers, was held in the auditorium of the Warsaw Polytechnic. During that congress the most pressing tasks of Polish business were

tentatively defined. It was announced that the information gathered would be utilized by the Economic Institute being established under the convention. Do you intend to cooperate with that institute?

[Eysmont] I have just met yesterday representatives of the nearly two million businessmen who agreed to the formation of the Forum of Business Organizations. That agreement was concluded by representatives of, among other organizations, the Biznes [as published] Center Club, the Christian Club of Businessmen, the Artisans' Chamber in Warsaw, the Club of Polish Capital, the Federation of Polish Employers, the Convention of Businessmen, Merchandisers, and Agricultural Producers, the National Economic Chamber, the Polish Business Council, the Association of Polish Artisans, and the Polish Economic Program party (which I represent). The forum resolved to meet at least once monthly and discuss the issues most important to Polish businessmen as well as sponsor joint actions. It will also organize an information exchange and act on behalf of Polish businessmen. At yesterday's meeting I was given full support and offered assistance in the form of, e.g., legal expertises. The participants in the forum declared that they are entirely at my disposal.

And as for the representatives of the various discrete associations of Polish businessmen, unofficially I have been working with them for a long time already. I believe that the objectives of these associations should not differ from those I pose to myself. This is a question of common goals and common strategy. Of course, we shall certainly differ on some questions, because I am bound to observe certain requirements in representing the government before the businessmen.

[Bialy] How do you intend to reconcile the interests of the state economy and the private businessmen, considering that high taxes, toward which the state aspires, may smother the enterprises and lead to their bankruptcy?

[Eysmont] Above all, taxes should be so figured as to enable businessmen to pay them. Once a critical level is passed, businessmen either cease production or evade the law. What matters most is clear and precise legal regulations that would make possible immediate intervention should output be falling. One of our objectives is precisely to examine all the pertinent legislation from the standpoint of its influence on the growth of private enterprise. We want to prevent the possibility that some minister of state might wake up one morning with the inspired idea of patching up the budget deficit by damaging the interests of private businesses, because otherwise that deficit might be patched up but, say, 30 percent of private enterprises will go bankrupt or be forced to break the law by being unable to operate normally.

[Bialy] You are the coowner of a company employing about 50 persons with an annual sales volume of 1 billion zlotys. Are not you apprehensive of lacking the time and stamina to perform well in your both posts?

[Eysmont] I was the coowner until my appointment to the ministerial post. Now my wife owns the company.

[Bialy] At ministry of industry, there are two departments attending to the promotion of private enterprise. Do you have an appetite for having them transferred to your jurisdiction?

[Eysmont] In practice, every ministry maintains a similar department or taskforce to a greater or lesser degree. My objective is principally to coordinate the activities of these taskforces, or to take over from them certain of their duties. But this should be accomplished so as not to interfere with the scope of competences of the various ministries and offices. Anyhow, I am not going to take over departments from other ministries. I do have an appetite for the department of tourism, which is operated by the Office of Physical Culture and Tourism, and represents a specific sector whose growth hinges on private enterprise. At present I am establishing closer contacts with tourism and hope to establish in the future a joint office with that department.

[Bialy] For the time being, you have office space at the office of the council of ministers, but where can a regular office and personnel be found for a minister without portfolio?

[Eysmont] I am engaged in talks on the subject. The first obstacle is lack of office space for personnel. My personnel will consist of people who already have some experience in promoting private enterprise at ministerial departments and who have produced certain results. Thus, qualified personnel is available. All that is needed is space for them to work in.

[Bialy] How many persons are ultimately going to work for you?

[Eysmont] About 30.

Party Cooperation on Economic Goals Possible

92EP0598A Warsaw ZYCIE GOSPODARCZE
in Polish No 30, 26 Jul 92 pp 1, 4

[Interview with Henryk Goryszewski, deputy prime minister for economics, by Anna Wiczorkowska; place and date not given: "Awakening Hopes"]

[Text] [Wiczorkowska] How are we to interpret this personal accountability for economic policy which you declared during the Sejm committee hearing? You said that this will be Goryszewski's economic policy.

[Goryszewski] This is a question of organization of labor. If a group is to perform a task, and if that group is the government, somebody must be responsible for the whole. Otherwise we would have a group of individuals each of whom is responsible for his own thing—ministers of state who promote the policies of their ministries rather than a government pursuing particular

goals. A government cannot be an assemblage of competing concepts decided upon by voting, as then we would be taking logically unrelated decisions.

Already during the administration of Prime Minister J. Olszewski, when the question of my joining his government was being considered, I saw myself solely in the role of the coordinator of economic policy. A coalition government, that being the only government that can be formed when the parliament consists of more than a dozen political parties, requires of the individuals forming it that they abandon certain platform planks of their parties for the sake of a joint program. Had we all been following a single platform, we would all belong to a single party.

[Wieczorkowska] Is it possible to build a joint economic program for a government formed by seven different political parties?

[Goryszewski] Ideologically considered, certainly not. That is why, as early as three weeks before this government was formed, at a meeting with the president, I presented a proposal for forming an ideological government. The attendant ideological disputes would be discussed in the parliament, and the government would subordinate itself to the parliament's decisions on these matters. On the other hand, this principle is not applicable to the economy. Here, current and strategic problems have to be resolved.

Since the fall of 1991, when the electoral rhetoric had still been current, much has changed. Those who found themselves outside the government had time for reflection. There is now no dilemma of inflation versus recession; instead, there exists the problem of overcoming the recession without provoking the return of a soaring inflation. This is the centerpiece of this government's economic program. The problem is how to overcome the recession without eliciting the return of soaring inflation.

Since we reached a consensus on this issue, the possibility of forming a united economic governing team arose. This was followed by disputes about specifics, such as are normal for every government and always arise. After all, the deliberations of the Council of Ministers during the Mazowiecki administration, when the governing coalition was more cohesive than at present, sometimes lasted as long as until four o'clock in the morning, because specific solutions were being disputed. Already at our first session, a dispute arose among several ministers, but this does not mean a threat to the government's unity. After all, it is normal for different viewpoints on specific issues to be competing. On the other hand, so far as the basic premise of our economic policy, namely, overcoming the recession by means that would not spur drastic inflation, the consensus on it is overwhelming.

I must say that I have always believed in the possibility of something like that, and I still believe in it. I see no reason either why the consensus among the seven parties

should break down owing to some stumbling block. My colleagues from these parties, which previously engaged in such sharp rivalry, also believe at present that overcoming the recession is a necessity. We differ on specifics, for example, which concept of enterprise debt relief should be adopted, but we are in accord on the fundamental issue. Unless the recession is mastered, the market will not be mastered at all. Unless we master the recession, we shall not master the inflation.

I believe that our inflation is costly, being due to low output in relation to fixed assets. This determines the cost level. A costly price formula is still current. If the recession continues to deepen, we shall not master the problem of enterprise debt relief either. Unless we solve the interest rate problem, we will not eliminate the "repugnance" toward investments.

[Wieczorkowska] Do you believe that a consensus can be achieved on all these difficult specific issues?

[Goryszewski] Let me repeat what I stated in the introduction: Within the group formulating the government's economic policy there must be somebody who will outline its direction. Otherwise we shall have just another gentry dietine, a group riven by inner dissension. Of course, the team leader does not impose his will on the team but rather tries to facilitate working out a joint position on issues. In a situation in which we are dealing with a governing coalition formed as a result of a political consensus, it is necessary to harmonize and reinforce its procedure for taking decisions subordinated to the adopted strategy.

[Wieczorkowska] How does it feel to be someone helping to conceive strategy and watching over consensus on specifics?

[Goryszewski] The intrinsic nature of a coalition cabinet is such that it's head cannot be a dictator imposing his will, because then the coalition would collapse.

[Wieczorkowska] By the way, these days wouldn't a dictator be preferable so far as economic issues are concerned?

[Goryszewski] I had been longing too long for democracy in order to yearn, three years later, for a dictatorship. Contrary to appearances, we are not at all a stupid nation, and we are going to manage without a dictator.

I was raised to respect certain principles. I was taught to respect people who are not afraid to admit their mistakes and bear responsibility for them. That is even a reason for feeling proud, if one has the courage to make such admissions. That is why I want to be viewed as a person who accepts responsibility. In the hour of trial, when the opposition begins to hurl thunderbolts at this government—and that time, the time of the crisis, is coming soon—I would like to show enough character to say that I accept the responsibility.

[Wieczorkowska] But it is society that pays for the mistakes made in economic policies by governments.

[Wieczorkowska] We are fully aware of this. I have said so to the Sejm committee. I am aware that, the higher I climb on the ladder of power—first I had been chairman of the Sejm's Budget Committee and now I am a deputy premier—the higher is the personal price I will pay. But it cannot be otherwise in the government.

[Wieczorkowska] You said that the centerpiece on which the actions of the government, or at least of the economic ministries, are focused is mastering the recession. Is this the most important issue at present? What will be tackled first?

[Goryszewski] Any instrument which we will use to combat the recession has its pluses and minuses, indications and counterindications. That is why I would rather not say what issue will be tackled first, because that might be interpreted as an absolute antidote for our economic problems. Our measures should be intended to strike in many directions at the same time. I believe that they could include, for example, a blow against the monopolies. I say "for example," because that is just one of many instruments.

[Wieczorkowska] How am I to understand "a blow against the monopolies"?

[Goryszewski] Our economy is in the thrall of monopolies to a much greater extent than any other postcommunist economy. Most of these monopolies lack a natural rationale, being a consequence of communist organizational forms. Every monopoly, and especially an administrative monopoly, distorts market relations, for both buyers and suppliers. It subverts the entire price structure and hence also the natural market. It falsifies both supply and demand. Another and perhaps most important problem is how to bring about the recovery of public finance. I have long believed that here the principal issue is to master the crisis of budgetary receipts. The decline in these receipts has not been halted and it is like a ticking time bomb.

I am not saying that somebody planted this bomb deliberately, but there exist certain objective processes causing the consequences of certain decisions to become revealed only now. Certain budgetary expenditures have been postponed, for example, the 26 trillion zlotys [Z] to be spent during this semiannum on salaries within budget units. Many other expenditures have been postponed because the budget was not passed. Now the consequences are accumulating. Budgetary receipts are not rising and we are constrained by the Z65 trillion ceiling on the deficit.

The issue of lower sales tax receipts is dangerous and difficult to understand, but that is not the only problem of its kind, because receipts from all other taxes also are below expectations. I would say that these two crucial issues are the cornerstones of economic policy.

We could also speak of the policy on the interest rate and on the currency exchange rate—elements of proexport

and proinvestment policies. A budget which is practically bereft of receipts cannot provide an impetus for investments. This is another growth obstacle. Recession or progression? This is the question facing this government.

[Wieczorkowska] There is no dearth of current problems. The strike wave is growing.

[Goryszewski] Yes, precisely, so it is only at a distance that it seems fun to be a deputy prime minister.

[Wieczorkowska] Will the need to focus on resolving current problems relegate to a secondary plane work on the strategy?

[Goryszewski] I am aware of the danger involved in getting swamped by current problems. I shall defend myself against it by means of appropriate personnel appointments within the cabinet. I want to be relieved of the current problems which a deputy premier does not have to attend to, although I shall not avoid those ruled by laws similar to those which govern granting interviews. It may turn out that the most important matter—more important than effective leadership and an effective economic and political program even—is to awaken anew the hopes of the Polish public.

[Wieczorkowska] Words alone will no longer awaken anyone.

[Goryszewski] That is why daily, even, contact with the media is very important to me. My entourage is aware that, even if I were to stagger with exhaustion, I must find the time for such encounters. For this alone affords the opportunity for my fellow citizens, by learning what the government is doing, what I am doing, keeping track of our decisions and participating in our tergiversations, to view this government as close to them and more human. Then perhaps hope will arise.

[Wieczorkowska] Let us return to specifics. How is enterprise debt relief to be accomplished in view of the pressing budgetary deficit? Has at least an outline of a strategy been formed in this respect?

[Goryszewski] I cannot as yet discuss specifics and stir unnecessary emotions. The concept of debt relief has been worked on already ever since last June at the Ministry of Finance. Yesterday I received a copy of its report and in the next few days my advisers and I will analyze it. Together with the minister of finance and the chairperson of the National Bank of Poland we will recommend a selected version to the Council of Ministers. This is indeed an extremely difficult matter, because providing debt relief to a debtor means taking something away from the creditor. In the domain of commercial claims there exists in theory the possibility of forming chains, so to speak: enterprise A is a debtor of enterprise B, which in its turn is a debtor of enterprise C, and the latter in its turn has been in arrears with its payments to enterprise A, and so forth; this is a chain

that can be closed someplace, but instances of this kind are not typical, so the problem as a whole remains unresolved.

The banks are another factor; they are so weak and we have a problem with complementing their statutory capital. Thus we need to select a model of debt relief which would not deprive the banks of their assets. It may be that we will have to resort to the stabilization fund granted us by the IMF [International Monetary Fund], which so far we have not touched. It may be also that possibilities for utilizing practically frozen foreign credit to provide financial assistance to the banks will arise.

At any rate, I shall not tolerate any system of debt relief that would serve as camouflage for mismanagement. I shall not tolerate a situation in which an enterprise is relieved of its debt so that it can finally start operating, whereupon a new government is formed and it once again relieves the enterprise of any new debts it may have contracted in the meantime! I shall try to introduce the principle of quid pro quo; besides, I am not alone in this belief. Quid pro quo, meaning that debt relief shall be provided in return for a realistic and hopeful program for streamlining the enterprise's performance. Thus, not all the enterprises will benefit from debt relief without really improving their performance.

[Wieczorkowska] Are you aware that the drought disaster threatens the collapse of all the undertakings of the new government?

[Goryszewski] Were our interview to be held next week, I would comment much more on this subject. For now I can only say that on my second day as deputy prime minister, as I was finishing to leave work, I realized that I might become a mere cork floating on events if I were to succumb to the myriad of problems instead of attending to those problems I myself consider important. The first important matter would be an analysis of the drought's effects on the government's antirecession measures.

The drought may cause, as already signaled, increases in food prices, and then a part of the funds which consumers may at present earmark for either purchases or manufactured goods or personal savings in banks will have to be spent to offset these increases. This will of course affect adversely all the antirecession measures, because either the enterprises will again face the demand barrier, or the banks will face the credit barrier. After all, personal savings are an important factor in the credit capacity of the banks.

Tomorrow (I held the interview on 16 July—A.W.) I am meeting with a group of persons responsible for the economic policy: the minister of agriculture, the minister of finance, the head of the Central Planning Office, and several other persons, and I shall ask them to analyze the effects of the drought. Then we shall explore possible countermeasures.

[Wieczorkowska] Now let me ask you about your attitude toward cooperating with foreign capital. I have to ask about that, because your party is known to be opposed to foreign cooperation, to joining the EEC. It is said that there is also internal dissension in the government between Bielecki and you, and you two are considered to have diametrically opposed views on the subject.

[Goryszewski] In a situation in which we have no domestic capital and cannot count on investing our own resources, rejecting foreign investors would be absurd. Therefore, I was and am open to foreign investment, on certain terms, however.

Above all, I believe that there exist certain domains of special importance to national defense, in which investment by foreign capital should be either precluded or subjected to special supervision. This is what is being done in every country, even in the United States. In general, I support adherence to honest rules of the game. Foreign capital should come in order to make money together with us and not off us. I am thus not interested in speculative capital, but I shall support any investment which creates new jobs and promotes Poland's economic growth. The foreigners contribute the capital and we provide the labor and the market. They shall pay taxes, but they must have the right to repatriate their salaries and profits.

On the other hand, I have some doubts as to buying up the already existing enterprises, but that is a separate matter. Here we must look out for our interests. I really see no grounds for spotlighting here any differences in views between me and other politicians.

I am a nationalist in the constructive meaning of the word. I stress the values of the Polish national movement, which it had represented until about 1905 when it had reached a very unpleasant watershed. I am not a supporter of economic autarky, and I have never been one, because this is the best way of making a nation primitive, whereas I want to create the conditions for making it more civilized. I want to live to the day when not only Renault will be investing in Poland but the FSM [State Automobile Factory in Zeran] will be investing in France, as an equal. Nations that isolate themselves from the world civilization and from trade and cooperation with other countries become primitive. We should not make this mistake.

Anybody who peruses my comments on the EEC treaty, which is something I had been long working on and with considerable finesse at that, so as not to hurt the feelings of anyone in my party, will not find even one word, even an allusion, in favor of rejecting that treaty. In my conclusion I had declared that this treaty requires an extremely thorough analysis and answers to the questions I had posed concerning equal opportunities.

[Wieczorkowska] Why would the treaty with the EEC deprive us of such opportunities?

[Goryszewski] First, the adaptation period is too brief. In this connection, consider the experience of other countries, where the adaptation periods were a dozen or even several dozen years. Yet, our economy is backward not only technologically but marketwise. We thus need time for its restructuring. At the same time, under the EEC treaty, we would lose our border customs protection within four to six years, and I am afraid that we then shall not cope with foreign competition, which will crush us like a tank crushes infantry troops.

It also seems to me that, although I did not participate in the negotiations, we were too yielding in surrendering the preferences for those sectors of industry in which we are potentially most able to compete, for example, textiles and glassmaking. EEC experts believe that these particular sectors of our industry are closest to world standards.

[Wieczorkowska] Thus I understand that attributing to you hostility toward Poland's integration with Europe is due solely to somewhat incorrect interpretations of your comments, is not that so?

[Goryszewski] That is so.

[Wieczorkowska] Thank you for the interview.

Public Opposed to Liquidation of Enterprises

92EP0603B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 30 Jul 92 p 1

[Article by Mariusz Pawlowski: "We Do Not Want To Liquidate Enterprises"]

[Text] One-third of Polish enterprises are experiencing economic difficulties. Some of them are threatened by liquidation. We all realize this, but do we consent to it?

The Social Research Laboratory asked 1,042 people about this. A 62-percent majority of respondents were against closing enterprises. Only 27 percent favored such a radical solution. Eleven percent had not formed an opinion.

The statistical proponent of "drastic cuts" was a man in middle age with a higher education, a private entrepreneur or manager earning more than three million zlotys [Z] per month, living in a large metropolitan area, a supporter of liberal politics in the broad meaning of the term.

The statistical opponent of the liquidation of enterprises is an older woman having an elementary education, unemployed, retired, on a pension, or working in agriculture, living in the country or in a small town, a supporter of leftist currents in the broad meaning of the term.

The opponents of liquidation turned out to be in nearly equal measure women (63 percent) and men (60 percent). People above the age of 59 showed the most

marked allegiance to enterprises (in this group 69 percent were against liquidation and just 19 percent in favor). The largest percentage in favor of liquidations—39 percent—appeared in the group of persons between 18 and 24. In spite of that, the majority of young people—55 percent—do not support the closing of unprofitable companies.

Acceptance of the liquidation program grows with the level of the respondents' education. Just 20 percent of persons with an elementary education agree with this viewpoint, and 68 percent are against it. (11.7 percent have not formed an opinion.) In the group of persons with a technical education, these percentages amount respectively to 27 percent, 63 percent, and 10 percent; and among those with a high school education, 35 percent, 56 percent, and 9 percent. Thirty-nine percent of respondents with a higher education are in favor of liquidations but 47 percent are against. (Thirteen percent do not have an opinion). As should be inferred, this relation is the result of greater mobility and vocational independence.

A similar breakdown of opinions appears to depend on earned income. The firm opponents of closures of enterprises for the most part recruit people who have low wages, below Z700,000 per month, and who are from small towns (77 percent against, 16 percent for closings, seven percent have no opinion). Residents of large metropolitan areas earning more than Z3 million per month are divided into nearly equal parts of followers (44 percent) and opponents (46 percent) of liquidation. (Ten percent have no opinion.)

Also the place of current or previous employment in large measure has a bearing on the opinions of the respondents. Retired persons and pensioners definitely favored maintaining enterprises (68 percent for, 19 percent against, and 12 percent with no opinion); farmers (respectively, 67 percent, 21 percent, and 12 percent) and employees of state companies (67 percent, 22 percent, and 10 percent), most often without a specific occupation. The largest percentage of adherents of radical solutions appears among private entrepreneurs and their employees (43 percent), although opponents of liquidation also made up the majority in this group (46 percent). High school and college students expressed a similar opinion (47 percent against liquidation, 46 percent for, and seven percent had no opinion).

Radical proponents of the liquidation of enterprises having financial problems declared their support for the PPG [Polish Economic Party], the Movement for the Republic, the KLD [Liberal-Democratic Congress], and the UD [Democratic Union]. Radical opponents support the PSL [Polish Peasant Party], the SLD [Alliance of the Democratic Left], the X Party, the PChD [Party of Christian Democrats], the KPN [Confederation for an Independent Poland], and the UD.

Foreign Exchange Law on Treatment of Foreigners

92EP0608A Warsaw RYNKI ZAGRANICZNE in Polish No 87, 21 Jul 92 p 7

[Article by Grazyna Kapelko: "Foreign Exchange Law and Foreigners"]

[Text] Foreigners who come to Poland with the intention to invest, as well as those who already operate here, frequently complain about restrictions associated with the circulation of foreign exchange. Mainly, this is about the lack of provisions for economic units to own foreign exchange accounts, regardless of whether they are local companies or joint ventures.

Regulations on foreign exchange transactions by both domestic and foreign persons are established by the Law on Foreign Exchange Regulations and executive orders of the minister of finance which are issued under it. However, the behavior of foreign units (which, according to regulations, may be created only as limited liability or joint stock companies) is regulated by the law on companies with foreign participation. The appropriate clauses of this law also refer to the aforementioned legal acts. In Poland, the Law on Foreign Exchange Regulations provides for different treatment with regard to the granting of rights and duties in the process of foreign exchange transactions, depending on whether the transactions are effected by domestic or foreign persons. In keeping with the letter of the law, the following are foreign persons:

- Natural persons who are domiciled abroad (for example, tourists coming to Poland);
- Corporate persons and organizational units which are not corporate persons, which are headquartered abroad;
- Divisions and representative offices in Poland of corporate persons and organizational units which are not legal persons whose headquarters are located abroad (this affects mainly the employees of these divisions and representative offices);
- Foreign diplomatic missions, consular establishments, and other foreign representative offices enjoying diplomatic or consular immunities or privileges.

The foreign exchange status, with regard to foreign exchange transactions in Poland, depends on the location of the headquarters of the entity, rather than on the country from which capital comes. In view of this, joint venture companies are treated on a par with domestic entities engaging in economic operations, with the exception of certain privileges entailed by the law on companies with foreign participation.

Liberal With Regard to Foreign Persons

In keeping with the executive order of the minister of finance concerning general foreign-exchange authorizations, foreign persons are allowed to take out of Poland foreign exchange obtained through cashing foreign bank and postal transfers, checks, traveler checks (including those issued against foreign exchange abroad), bills of exchange, and letters of monetary credit.

Besides, foreign persons may own a type C foreign exchange account. It may be opened at a bank by a tourist who intends to return to Poland later and wants to leave some money, a businessman visiting Poland, a diplomat, and so on. Foreign exchange from these accounts may also be taken out of the country, but only if the funds in these accounts come from:

- Cashing foreign bank and postal transfers, checks, traveler checks, bills of exchange, and letters of monetary credit;
- Depositing, in Poland, funds brought or transferred from abroad, in an amount entered in a foreign exchange declaration and confirmed by Polish customs during an inspection at the border, or in the course of inspecting mail from abroad (this confirmation also provides grounds for the subsequent opening of a type C foreign exchange account at a bank performing foreign-exchange transactions);
- Implementing inside the country instructions by resident persons in execution of contracts signed by these persons with the ownership [as published] of an account in compliance with Polish foreign exchange regulations, including contracts in the area of foreign trade;
- Implementing instructions concerning type C foreign exchange accounts and those of other foreign persons;
- Executing a ruling in a criminal or fiscal criminal case, and so on.

A novelty is the recently introduced addition concerning the opportunity for foreign persons employed in the country by economic entities to take foreign exchange abroad to purchase chattels, services, and property rights (with the exception of interest and stock in companies and other enterprises headquartered abroad) in the amount of \$2,000, or its equivalent.

Just as they do throughout the world, foreign diplomatic missions, consulates, and so on enjoy extraterritoriality in Poland. They are foreign persons; except for transactions of the kind of sale-and-purchase at a store, they have a duty to conduct all financial operations in foreign exchange. By virtue of treaties, laws, or commonly accepted international customs, they are exempt from the duty to report their assets in Poland to the National Bank of Poland (this does not apply to other foreign persons).

Foreign partners in Polish companies may use a type C foreign exchange account; however, in practice it is used only to transfer profits which are due to a partner. He may sell foreign exchange drawn from this account to, for example, an exchange office (according to Polish regulations, the purchase of foreign exchange by a foreigner at an exchange office is forbidden); however, he cannot perform any foreign exchange operations. If he wants to invest these funds in Poland he must exchange them into zlotys at a bank performing foreign exchange operations, just as domestic entities.

Unhappy Joint Ventures

Providing an opportunity to transfer profits in their entirety, in keeping with the law, is the only privilege in the area of transactions in foreign exchange which companies with the participation of foreign capital enjoy.

Beginning with a foreign entity making a contribution to the capital of a company, this entity must exchange a foreign currency into zlotys at a bank performing foreign exchange operations at the current rate of exchange. The same is the case with regard to these entities allocating profits from their interest or stock as their contribution to the company. At present, no foreign exchange authorization is required for such transactions.

As far as the transfer of profits is concerned, a foreign entity, upon the payment of the tax due, is entitled to purchase, from a bank performing foreign exchange operations, foreign currency with the funds paid to it by the company as its share of profits on the basis of a registered certificate (issued by an entity authorized to do so by the minister of finance). The foreign entity may also transfer these funds abroad without a special foreign exchange authorization. The transfer of profits is guaranteed for joint ventures by agreements on the protection of investments and on avoiding double taxation. Foreign persons who are employees of these companies can also transfer their remunerations abroad along the same guidelines.

The new law took away the privileges of companies with foreign capital participation in the area of receiving and extending credit in the course of foreign exchange transactions with foreign countries. At present, along with all entities engaging in economic operations, they are subject to guidelines found in the executive order of the minister of finance on general foreign exchange authorizations (including an opportunity to seek individual authorizations from the National Bank of Poland when credit exceeds \$1 million).

Recently, it has often been observed that it is necessary to liberalize the foreign exchange law with regard to foreign investors, at least concerning the issue of making financial contributions to a company in the form of convertible currency. However, defenders of the existing regulations, among others, the Ministry of Finance, make their own arguments, believing that nowhere in Europe can one set up a joint venture by making a contribution to capital in a currency other than local.

Brown Coal Production Statistics, Projections

92EP0594C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
22 Jul 92 p III

[Article by Antoni Kowalik: "Arguments and Controversies: What of the Future of Open Strip Mines?"]

[Excerpts] [Passage omitted]

Polish Reserves

The aggregate deposits of brown coal in Poland are estimated at 30-40 billion metric tons.¹ Some 3.3 to 3.5 billion metric tons are present in the currently worked coal basins, with 10 more billion present in already explored but still undeveloped deposits plus 15 to 25 billion estimated to be present in other coal-bearing regions. Geological conditions point to the possible occurrence of brown coal also in central and western Poland.

If the size of the resources is compared with the rate of extraction in the currently existing four brown coal basins (Adamow, Belchatow, Konin, and Turow), we find that they should last for 37 to 45 years, that is, until about the years 2027-35. But that would require taking strategic decisions that would serve as the basis for maintaining the extractive capacity of the mines and modernizing power plants.

Coal seams five to 60 meters thick occur at depths of 30-250 meters. Brown coal has a caloric value of from 7,500 to 9,500 kJ/kg, that is, on the average, 8,000 kJ/kg. It is, as the experts say, typical power coal. Only in small amounts it is amenable to briquetting, and even less to chemical processing. [passage omitted]

The Ecological Problem

But a related and highly controversial issue is the effect of the open strip mining of brown coal on the environment as well as the possibilities for protecting the environment against it. That is because such mining causes both temporary and permanent damage to the surface area of the open strip mines as well as changes in the system of surface and subsurface waters, along with air pollution. The production of 67.6 million metric tons of brown coal, required (according to calculations as of January 1991) using a surface area measuring more than 134 million square meters. This means that extracting one metric ton of coal requires using nearly two square meters of land area. The situation is worsened by the fact that some of the mines are continually being expanded and do not restore the land area used. Likewise, not all mines respect the rule that every hectare of land they occupy must be offset by a hectare of land restored to normal condition. On the other hand, the fact that last year the Belchatow Mine and partly also the Turow Mine switched to filling their excavations is to be viewed as gratifying. [passages omitted]

Toward a Holding Company

According to the figures provided by the Alliance of Brown Coal Producers, power plants burning this coal generate electrical power at the least cost. Thus, it is proposed that brown coal extraction be kept at the level of 67-65 million metric tons until the year 2000. This would serve to maintain installed capacity at brown coal-burning power plants at the present 9,100-MW level, and in the year 2000, at 9800 MW. It is expected that shortages of other energy sources and the low price of the energy generated from brown coal will result in a more intensive utilization of the power plants burning this coal. To this end, it is proposed that the Adamow, Patnow, Konin [PAK Group], and Turow power plants be gradually modernized and the 2,200-MW Belchatow II Power Plant be built. It is estimated that the investment outlays on such a program would total 39 trillion zlotys [Z] on mining operations and Z51 trillion on power plant modernization and construction by the year 2010. During that period a marketing price of brown

coal set at Z120,000 to 132,000 per metric tons would equal 65-89 percent of the world prices of that fuel and assure the autonomous financing of investment projects in this sector of industry. At the same time, the Z266-382 unit generation cost per kilowatt hour of electricity would be the lowest in this country and below 50 percent of its counterpart world prices.

The Alliance of Brown Coal Producers (registered this year at Konin) associates at present 13 producers, including five mines, two open-strip-mining machinery and equipment plants, and a design and blueprint office. The aggregate employment at these outfits is about 35,000.

Concepts of the future organizational structure of the brown-coal energy industry point to the formation of a holding company associating mines, power plants, certain energy facilities, and the companies linked to that part of the fuel-energy complex. Such a holding company would control an installed capacity of about 8,700 MW, which accounts for nearly 30 percent of the total installed capacity of Polish power plants.

Generating Cost per Mw/hr of Electrical Energy

| Brown Coal | | Black Coal | |
|--------------|--------------------------|-------------|--------------------------|
| Power Plant | Cost per Mw/hr in Zlotys | Power Plant | Cost per Mw/hr in Zlotys |
| Belchatow | 78,600 | Rybnik | 85,600 |
| Turow | 82,500 | D. Odra | 103,800 |
| PAK Group | 90,900 | Kozienice | 107,900 |
| Jaworzno III | 97,200 | Polaniec | 97,800 |

Worldwide Brown Coal Extraction

In millions of metric tons/year

| | | | | | | | [Projection] | |
|------|------|------|------|-------|-------|-------|--------------|-------|
| 1938 | 1950 | 1960 | 1970 | 1980 | 1985 | 1990 | 2000 | 2020 |
| 250 | 480 | 600 | 750 | 1,000 | 1,200 | 1,300 | 1,800 | 3,800 |

Brown Coal Extraction in Poland in Individual Decades

In millions of metric tons/year

| | | | | | [Projection] | | |
|------|------|------|------|------|--------------|------|------|
| 1950 | 1960 | 1970 | 1980 | 1990 | 2000 | 2010 | 2020 |
| 4.8 | 9.3 | 32.8 | 36.9 | 67.6 | 72.6 | 76.2 | 56.5 |

Footnote

1. Cited from "Wegiel Brunatny 92" [Brown Coal '92].

Mures UDMR on 'Violations' of Minority Rights
*92BA1308A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 28 Jul 92 p 3*

[Unattributed article describing statement issued by the Mures County branch of the Democratic Union of Hungarians in Romania]

[Text] At a conference held on 23 July 1992, some jurist members of the RMDSZ [Democratic Association of Hungarians in Romania—UDMR in Romanian] parliamentary faction, and jurists from Marosvasarhely [Tirgu Mures] and Kolozsvar [Cluj-Napoca] analyzed rights violations suffered at the hands of justice authorities by minorities and by persons belonging to minority groups during the past two and a half years. The RMDSZ Maros [Mures] County organization initiated the conference.

The jurists determined that as a result of the past decades' discriminatory, nationality-based schooling policies far fewer applicants of Hungarian nationality had been admitted to law schools than the ratio of the Hungarian populace in Romania within the total population would have justified. The continuously decreasing number of Hungarian nationality jurists at organs charged with the persecution of crime, at prosecutors' offices, and in courts of justice can be attributed to such policies.

The partiality of organs charged with the administration of justice in Marosvasarhely is evidenced by court decisions ruling out the eligibility of Smaranda Enache and Elod Kincses to be elected to parliament, and preventing the nomination of Istvan Kiraly as mayor, and by sentencing only the Hungarian and Gypsy participants of the March 1990 ethnic clash. The clear bias manifested by organs charged with the persecution of crime is proven by their failure to investigate criminal acts committed against Hungarians, or by their failure to expose such crimes. Thus the perpetrators of the aggravated assault against Andras Suto, and those who had killed Hungarians in December 1989 and March 1990 remain unidentified and unpunished to this date.

The daily adjudicative practice followed by Marosvasarhely judicial organs in applying the land law and in resolving civil suits in general leaves no doubt about their partiality based on nationality belonging.

The discriminatory enforcement of Law No. 118 of 1990 regarding the rights of former prisoners of war stands out in that regard: Romanian citizens from northern Transylvania who had fallen captive to the Soviets as members of the Hungarian Armed Forces were deprived of their rights as a result.

The most pronounced abuse of authority recently manifested by a judge involves the 10 year sentences pronounced on Pal Cseresznyes and Erno Barabas. Based on an interpretation unique in Romanian adjudicative practice, the court ruled that kicking an attacker constituted an attempt to commit aggravated manslaughter.

The conviction of defendants charged with the lynching death of a Hargita [Harghita] County policeman on 22 December 1989 represents a similar abuse of law. In that case the court disregarded the anticommunist, revolutionary character of the events that would have provided grounds to apply the general amnesty law proclaimed on 4 January 1990.

Conference participants said that an increasing number of alarming indications in various counties suggests a growing bias in the administration of justice.

The conference participants decided to petition Romanian and international organs having jurisdiction, based on international agreements adopted and signed by Romania, and on the basis of the Constitution and constitutionality.

Miercurea-Ciuc UDMR Denounces Court Decision

*92BA1308B Bucharest ROMANIAI MAGYAR SZO
in Hungarian 21 Jul 92 p 1*

[Statement issued by the Miercurea-Ciuc branch of the Democratic Union of Hungarians in Romania]

[Text] The Csik [Ciuc] RMDSZ [Democratic Union of Hungarians in Romania—UDMR in Romanian] held an enlarged board meeting on Thursday, 16 July.

1. The board was outraged to note the new illegalities and the flagrant injustice involved in the Marosvasarhely [Tirgu Mures] conviction of Pal Cseresznyes, and the obvious anti-Hungarian political intent behind that show trial. It is becoming increasingly apparent that an administration of justice subservient to the political power does not endeavor to create even a semblance of a lack of bias. Instead it flagrantly declares some people as injured or as victims, and others as guilty based on their nationality. In this situation the Csik RMDSZ Board fully agrees with the contents of Andras Suto's open letter of 16 July, and in particular with his statement that it is the duty of the RMDSZ national leadership to take necessary steps so that our truth is recognized both in Romania and abroad, and to present to international debating bodies the pile of almost 50 cases involving antiminority criminal sentences.

2. Concerning the parliamentary elections the Csik RMDSZ Board decided as follows:

—The special edition of CSIKI LAPOK, to appear on the newsstands Tuesday, includes the results of the public opinion poll taken beginning on 8 June.

—The Csik Board of Directors accepts nominations for representative and senator from RMDSZ Csikszereda districts, and from RMDSZ organizations in municipalities and villages until 26 July, inclusive. The organization also accepts nominations from any social organization or private person. All nominations must be filed in writing with the Csik RMDSZ center

(County Building, Room 114), and filings must include a brief appraisal of the nominee and a statement by the nominee agreeing to be nominated.

Thereafter the board will publicize the names and evaluations of candidates in the press.

—A five-member committee of the RMDSZ Board will comment on the evaluations and remarks, and will submit the nominations to the board based on a set of criteria developed by the RMDSZ factions in the Senate and the House of Representatives.

—The board will choose the final nominees by secret ballot 30 July.

—Meanwhile, the five-member committee of the board will conduct negotiations with the Udvarhely [Odorheiu Secuiesc] and Gyergyó [Gheorgheni] RMDSZ organizations to form a joint county slate of nominees.

3. The Board has decided to elect the officers of the Csik organization after the national elections.

Suto Protests Conviction of Ethnic Hungarian

92BA1308C Bucharest ROMANIAI MAGYAR SZO in Hungarian 16 Jul 92 p 1

[Statement issued by ethnic Hungarian author Andras Suto: "United Struggle for Those Convicted Innocently!"]

[Text] Pal Cseresznyes, who had personally taken part in the Marosvasarhely [Tirgu Mures] Hungarian residents' self-defense struggle on 20 March 1990, was sentenced to 10 years in prison and was ordered to pay almost 1 million lei in damages.

How many innocent Hungarian and Gypsy victims have already been thrown in prison? Almost 50.

And what is his crime?

Based on his own admission extorted with unknown methods, as well as a on a blurred video recording that would not be accepted as evidence anywhere in the world: He had kicked a Romanian from Gorgenyvolgy who had suffered wounds in the course of an anti-Hungarian pogrom. The complainant had previously admitted in public that he had come to "fight" to Marosvasarhely in response to calls from, and at the direction of the organizers of the bloody attack, but that admission had been fraudulently altered to state the opposite. The attacker had become the victim, while Pal Cseresznyes, one of the people attacked, had become the criminal. The organizers of the pogrom, most of whom are well known to the public, have been ravaging unpunished ever since; they create propaganda in a television program and a newspaper produced and edited by them, and pursue repeatedly new forms of racial incitement—of a journalistic terrorism unparalleled in the history of the written word.

It was possible to convict Pal Cseresznyes only as a result of cynical injustice and an overt intent to take chauvinist revenge.

We must have faith and hope that this new, flagrant injustice is going to be the last one allowed to occur in our city. It will be the last such incident, unless we just wait for some legal manna to pour on Romania to satisfy those who suffer as a result of the absence of legality!

This is going to be the last such incident if everyone understands that not only one innocent man, but the entire Hungarian population of the city had once again been disgraced in the person of Pal Cseresznyes.

This illegal, in its absurdity unique sentence flies in the face of all Hungarians in Romania; it represents a cynical and blatant mockery of everything that had been created in the field of law by Europe's humanist thinkers in the course of 1,000 years.

Precisely for that reason, the case of Pal Cseresznyes is the case of all those who, as advocates of the truth, are able to recall the show trials of the bygone Bolshevik-nationalist dictatorship.

Our passive attitude is going to invite more suffering if Pal Cseresznyes' tragedy does not become our common cause; if indifference, fear or the submissiveness of "the least said, the sooner mended," believed to be wisdom, mutes our individual and collective protests; if we do not attempt to put an end to the bacchanalia of the abuse of power dressed in judicial robes at Marosvasarhely.

By sentencing Pal Cseresznyes' to 10 years in prison they actually sentenced him to death. Our awareness, and the certainty of his innocence cannot tolerate such inhuman revenge.

Let us save Pal Cseresznyes' life, and with that the lives of all those who, at the time of the events labeled as the revolution, had attacked their previous Secu tormentors, and as a result of which some people had received heavier sentences than the mass murderers of Temesvar [Timisoara]. Let us save the lives of those who had taken the places of their attackers in prison for committing acts of self-defense during the March pogrom.

Forged into a single community, with the active participation of the more than half a million members of the Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian], let us begin to fight for them by using every legal means available.

In contrast to what we have done before, we should fight in a new, radical way, loud enough to be heard throughout the world, while asking moral support from our Romanian friends in the opposition who respect the spirit of human rights.

Let us begin a new struggle for those who suffer just because they are Hungarians, and we should do so based

on a thoroughly developed and consistently implemented plan to be prepared by the RMDSZ National Council of Delegates and its Presidium!

Accordingly, on a nationwide scale!

By using the domestic and external relations of a functioning, and not only self-proclaimed, mass organization dedicated to the protection of rights, seeking immediate help from every international forum concerned with human rights!

Is it really necessary to prove to anyone that the present victims of the persecution of Hungarians are undeniably political prisoners?! Could the organizers of the show trials count on finding accomplices anywhere in the world, who would regard the rear-guard fighting that takes place in the spirit of Vishinsky and Draghici, the imprisonment of the innocent, as a practice consistent with European law? Could it be that there still exists a childish gullibility in international forums that would give credence to miserably mendacious statements according to which almost 50 Hungarians, including Pal Cseresznyes, were common criminals?!

One wonders just when the Romanian government, the parliament, is going to realize that it is rather difficult, moreover, impossible, to count on receiving any substantial support for Romania from the Council on Europe or from the American leadership as long as courts pronounce such Ceausescu-ist, nationalist judgments.

Accordingly, our assertion that every stand we take against flagrant injustices serves the cause of the entire country, of the democratic purposes of the Romanian nation, is not a mere rhetorical device.

The press was correct in asking whether a writer's conscience, similar to that of Zola's, would prompt someone to raise his voice in defense of the innocent in the case of Pal Cseresznyes—a Balkan Dreyfus case.

It is, indeed, fair to raise that question!

Especially if we consider occasional doctrinarian debates, group struggles and generational conflicts some outstanding brains waste their energies with!

The sole, common, existential feature of imprisoned people, devoid of any concocted difference in character, is their immeasurable suffering. So much suffering, that they cannot even use the Hungarian language when talking to their Hungarian mothers and brothers.

We could answer the above, legitimate question as follows: Under neototalitarian conditions we are not going to get anywhere with individual protests and with expressions of writers' solidarity. They would only amount to songs sung in Sunday schools to honor God, amid the continuous ravaging of Ionesco's rhinos in illegality and chauvinist revenge along the banks of the Maros [Mures].

A collective struggle is needed!

It would be reassuring to know that our personal empathy for human pain is going to manifest itself in the conscience of the collective leadership of our union, the way it had manifested itself in Voltaire's conscience.

A feverish headache had tormented that savior of the Calas family every year on Saint Bernard's day, the family persecuted by the hyenas of dark hatred. Despite his extreme sensitivity, he nurtured until his death his by now immortal fighting spirit to stand up against every injustice.

Perhaps it is not a sin and not an attack on the principle of personal freedom to wish that the suffering of Pal Cseresznyes and of his fellow prisoners cause a Voltairian feverish pain in the head of every leader of our national union.

I apologize to all those who have almost made it their profession to express solidarity with the fallen, with the persecuted. But enough Levites busy with their own things exist; they leave behind in Jericho, on his own, the man struck in the head and held up by robbers.

Neither their heads nor their hearts ached for the one who had suffered.

—Andras Suto

Effects of Embargo on Yugoslav River Shipping*92BA1353A Belgrade BORBA in Serbo-Croatian
18 Aug 92 p 11*

[Article by J. Putnikovic: "Yugoslav River Navigation and UN Resolution 757: Sailing Into the Blockade"]

[Text] *After the German ban on shipping on the upper course of the Danube, only the lower course of the river "left over" for JRB [Yugoslav River Navigation] boatmen; about 1,000 workers on forced leave; unjustified charges about violations of the embargo; shipping only for "third parties."*

Serbian ships "survived" the ban on navigation on the upper course of the Danube imposed on them back in December of last year because the regular business on the lower course of the river remained completely adequate. In addition, there was the transport of petroleum and its derivatives, which was entrusted to them once again following the closing of the Adriatic pipeline. Then came the economic blockade and the oil embargo, however. Routes into foreign countries are blocked for domestic goods, and foreign goods can no longer enter Serbia and Montenegro, so that river boatmen have no choice but to work for others—so-called third-party business, where neither the buyer nor the seller of goods is from the Federal Republic of Yugoslavia.

"We were unpleasantly surprised by Romania. Although UN Resolution 757 does not provide for a suspension in river transport, the Romanians have stopped using us as shippers for third parties, while of its total business in 1990, Yugoslav River Navigation performed one-fifth precisely for the Romanians," says Dusan Strugar, director of the JRB.

They have had to dock ships, according to the JRB, and they have not made a profit for three months now. Around a thousand boatmen are on forced leave. For them and other employees in management, salaries are being paid from funds previously earned. Strugar says that these are very hard times for the shipper with the largest fleet of tankers on the Danube, a capacity of 100,000 metric tons, and which used to sustain the entire tanker market. For a shipper that had an unmistakable influence on the price of transport for individual goods: fertilizer, ore, grain...

"Life on the Danube ran smoothly. Western shippers introduced the market to river transport several years ago. Moreover, in Western countries, especially Austria and Germany, the shipping trade is not very popular. Their work force is not interested in this specific and hard job. This is why the Germans were very happy to foster so-called oil flags, i.e., to engage our services for the transport of goods. In Germany, the domestic shipping industry primarily mediated in the relinquishment of large loads. Naturally, with a large commission, so that it should come as no surprise that the positions of German businessmen and politicians on the economic blockade against Serbia differ so much. Businessmen are

against the political prohibition on Yugoslav boatmen sailing on the upper Danube. Specifically, our exclusion has caused major disruptions there," says Strugar, emphasizing that despite everything German businessmen renewed agreements with the JRB for 1992 and that they are waiting for the situation to calm down so that they can resume business. Further proof of this, he says, is seen in the invitation to the JRB to participate in the opening of the Rhine-Main-Danube canal with its flagship.

Having withdrawn from the upper Danube, the JRB carried (and still carries today) goods for Macedonia and Bosnia on the lower course following Resolution 757. This is primarily for the Skopje and Zenica ironworks, but also for other partners. Goods for Macedonia are traditionally reloaded in Prahovo, from where they are transported to Skopje by local trains.

Emphasizing that they are also having problems buying fuel, because it cannot be bought at home and it is not easy to buy abroad either, Strugar says that they have often been unjustly suspected of violating the embargo. The proof that is put forward, he says, is their transport of goods for Macedonia. And even the barges that carry domestic oil from Vojvodina to Pancevo.

"In order to put ashore at the installations at the Pancevo refinery, ships with barges must turn from going downstream to going upstream. Then the journalists, correspondents from the foreign media, accuse us of transporting oil from Romania. That is why we invite them to be guests on a ship of this type. So that they can see where we load the oil and where we transport it," Strugar says categorically.

Strugar also invites journalists to visit the wharfs in Belgrade and Smederevo, where the carriers and tankers of Yugoslav River Navigation are located. Aside from two or three ships that are sailing abroad, on the lower Danube, the majority of our ships are in dry dock, says Strugar, emphasizing that they just received a significant offer to transport oil from Russia to Bulgaria, and that since they are not sailing through Serbia there will be no charges that they are violating the embargo.

Here the story returns to Romania, which used to use JRB ships to transport its goods, but which now, frightened by announcements coming from foreign inspectors, is more strict than what is demanded of it by Resolution 757.

[Box, p 11]

Partner and Croatia

"We recently made an offer to Hungary and Austria to transport their diesel to Croatia. The transport would go to Opatovac harbor, near Vukovar, the site of the INA installations for loading oil from ships to the Adriatic pipeline. The job was offered to us because Dunavski Lojd (a Croatian shipping firm) does not dare sail along this route, and since the refinery in Sisak is not in

operation and the one in Rijeka is operating at low capacity, it is understandable that Croatia needs this fuel," explains Strugar.

Methods of Foreign Armed Intervention Assessed

92BA1353F Belgrade POLITIKA in Serbo-Croatian
16 Aug 92 p 7

[Article by Nikola Trklja: "Variants of Balkan Storm"]

[Text] *Assessments of methods for using multinational forces in the Balkans; the danger of military intervention in Yugoslavia is real; the military-strategy reasons for the double standard in international centers of power.*

What do the days ahead hold in store for us, and what is the actual scope of Resolution 770 by the Security Council in the military sphere? How will the corridors be protected that the United States-France-Great Britain triumvirate has marked out for supplying humanitarian aid for Bosnia? How will military force be used if there are incidents, and will strategic locations in the territory of the FR [Federal Republic of] Yugoslavia be targeted?

These are only some of the questions that have been the subject of serious consideration and analysis by military experts in recent days. Variants of armed strikes have been on the drawing board at military headquarters in the West for some time now, and similar assessments, naturally of a defensive nature, are being formulated at domestic operational centers as well.

What All Could Happen

Although the United Nations has given its permission for military action, its scope, intensity, and form of execution are still unknown. Nevertheless, according to assessments by military experts, there exist several models for the use of force.

Convoys with humanitarian aid would have air escorts that would "keep an eye on" all of the most important military targets on the Serbian side in Bosnia-Herzegovina [B-H]. Also subject to continuous reconnaissance would be targets in the territory of the FR Yugoslavia: airports, radio relay centers, telecommunications, the electric power industry, military installations, and the border with B-H.

The next form of "protection" of the corridors involves intensive electronics reconnaissance and coverage of the entire telecommunications system together with command communications, amid attempts to impose a total information blockade on the FR Yugoslavia.

Aside from reconnaissance, according to military analysts, multinational forces could also decide to use preventative defense by firing on targets deemed able to threaten the humanitarian convoys. In these "preventative" measures, actions would be taken from a distance, by launching cruise missiles and with air-to-surface and sea-to-surface missile strikes, after which air force activities cannot be ruled out.

In the event of further military activities, the "protectors" of the corridors would most likely attempt to cut across the territory of B-H from the coast between Ploce and Split in three basic directions: Ploce-Mostar-Sarajevo-Bosanski Brod; Sarajevo-Gorazde; and Split-Livno-Cazinska Krajina.

If the Conflict Widened

According to the assessment of circles close to the General Staff of the Armed Forces of Yugoslavia, in the event of a further escalation of the conflict surrounding protection of the humanitarian aid convoys, one would most likely turn to a military operation with low-intensity activity, which has been applied in the past in certain Third World countries. In this case, the territory of the FR Yugoslavia would also be targeted.

The first targets of the "international protectors" would be Yugoslav anti-air defense systems, command centers, communication centers, and military—but also significant economic—installations. The goal of these attacks would be to crush the country's defensive strength, but the military offensive would probably be accompanied by a political one aimed at the authorities in Belgrade.

Troop Structure and Possible Forces

When talk turns to the forces that could be involved in "humanitarian operations," multinational troops who would have a mandate from the Security Council are mentioned most often, similar to those in the Korean War in the early 1950's or those in the Persian Gulf war. Special forces from NATO and the Western European Union have been training for this role for some time now. The base of support for their activities, according to assessments by domestic military circles, would be military bases in neighboring countries, especially Albania, Italy, Hungary, Croatia, and probably Slovenia as well. Fire support from Croatian-Muslim forces is also being counted on, while the possibility of direct military involvement by units from certain Islamic countries that have cordially offered their assistance has not been ruled out.

In the opinion of military experts, the explanation that the use of military force is unavoidable in order to protect the humanitarian aid is illogical because such aid has been moving for days now from Split to Dubrovnik and from Belgrade to Sarajevo. Practically speaking, all the corridors planned for supplying humanitarian aid are open. Those that are not are located in the territory controlled by Muslim-Croatian forces. Because of this, plans for the use of military force to ostensibly safeguard humanitarian aid comes across as the quest for an excuse for military action.

The danger of military intervention in the FR Yugoslavia is real, because the informational and military conditions for justifying this type of action before world public opinion are being realized. Because of this, military theoreticians emphasize, people in Yugoslavia should be aware of this danger and be ready to defend

their fatherland, because whether or not intervention will actually occur depends on this readiness and on the abilities of the Yugoslav Armed Forces.

Thus far, the Yugoslav leadership has done everything possible on the diplomatic front to avoid any sort of military intervention. Nevertheless, such intervention is increasingly certain. Why is this happening, and what are the reasons for such behavior by international factors and creators of the new world order?

Diplomacy and Force

All the arguments offered by Serbia and Montenegro are treated as some sort of maneuver in order to win time to pursue the alleged hegemonistic goals of Serbia and Yugoslavia toward the neighboring, newly formed states.

After the imposition of the UN blockade and sanctions, an offensive was launched among the international public, amid the clanging of weapons. Open threats of military force began to be heard. In order to demonstrate their strength, but under the pretext of preserving international peace and security, warships were sent into the waters of the Adriatic. Despite the fact that not one soldier from the Yugoslav Armed Forces was on the territory of B-H, Serbia and Montenegro are still accused of continuing the aggression against B-H.

At the same time, everyone is ignoring the fact that Yugoslavia has accepted about half a million refugees, including several tens of thousands of Muslims. How they found refuge in the country of the "aggressor" is probably not important to the advocates of force.

At the same time that Serbia alone is being blamed for the worsening of the situation in B-H, the United States of America, which has insisted from the very outset on the inviolability of the B-H borders, is not upset by the fact that 50,000 Croatian soldiers have annexed nearly one-third of the territory of that state.

The reasons for the double standards, according to domestic military strategists, must be sought in the changes in the military-political map of Europe, the disappearance of the bipolar division of the world, and the loss of interest in the existence of a "counterbalance"—a stable state in the Balkans. What is most worrisome is the fact that an end to the "controlled experiment" in the Balkans is not yet in sight.

Despite the fact that they do not want war and have not provided any pretext whatsoever for aggression, the people of this region, if forced to do so, as even Dobrica Cosic stated recently, will defend themselves as they know how and are capable of doing, and they will know when they are being forced to do so.

Capability of Yugoslav Navy Discussed

92BA1353B Belgrade POLITIKA in Serbo-Croatian
20 Aug 92 p 11

[Article by Miroslav Lazanski: "Yugoslav Navy: Missile Hedgehog of Southern Adriatic"]

[Text] *The Yugoslav navy's missile capacity is approximately 80 sea-to-sea and shore-to-sea missiles in the first round of fire.*

In the summer of 1992, the Yugoslav navy found itself in its most difficult situation since 1918, excluding of course the period from 1941 to 1945. The waterways have been reduced, as well as the coastline; there are no islands to serve as bases and points of defense along the "frontline."

A large part of the command cadre has also left, and some dry dock facilities, shipyards, harbors and anchorages, infrastructure, and important ships have remained in the seceded republics. The most important naval base has remained in Zrnovnica, near Split, a base where around 100 Swedish-made RVS-15 sea-to-sea missiles were stored in underground hangars, which in terms of performance are better than U.S. "Harpoon" missiles and French "Exocets." Also left behind in Zrnovnica was the naval command and war center, the navy's Pentagon, with a complete C³ system—command, control, and communication.

No one in the top echelons of the military, which was supposed to and obligated to withdraw all of this, took this into account. Toilet tanks, bathroom faucets, and flowerpots were evacuated, while Swedish missiles worth more than \$110 million were left behind....

Nevertheless, the Yugoslav navy managed to withdraw and hold onto the largest part of its forces. Right now, it is in a phase of transformation, during which its combat worthiness has remained at a respectable level.

Specifically, Yugoslavia today has a navy with five patrol submarines (three of the "Heroj" class and two of the "Sava" class), five midget submarines of the "Una" class, four frigates (two of the "Kotor" class and two Soviet craft, but modernized in Yugoslavia as "Koni"), five fast-attack craft of the "Rade Koncar" class (one was left behind at dry dock in Sibenik), eight fast-attack craft of the type "Osa-1," 12 torpedo boats of the type "Shershen," two patrol boats of the "Mornar" class, 10 patrol boats of the type "Mirna," 14 minesweepers (four of the "Vukov Klanac" class, four of the British "Ham" type, and six of the M-117 class), 10 large landing ships of the type DTM-211, 25 landing boats of the type DJC-601, three logistical boats of the class PO-91, and one major DBM-241 transport landing ship.

The forces of the navy also include shore-to-sea missile systems of the type "Bron" (missiles of the type "Styx," with a range of up to 60 km and guided by four systems, two of which are of the original Yugoslav design), as well as missile systems of the type SS-C-3 "Sedok," with a

range of 315 km, meaning that the entire length of the Adriatic is covered by missiles from the Montenegrin coast.

Naturally, the forces of the Yugoslav navy also include the River Gunboat Flotilla, with its very modern units, as well as the naval air force (with U.S., Yugoslav, and Soviet-made air-to-ground and air-to-sea guided missiles), but also naval helicopters, specializing in antisubmarine missions, of the type Ka-25 and Mi-14 (this is AWACS for helicopters), which carry U.S. Mk-48 antisubmarine torpedoes.

Based on a rough estimate, the Yugoslav navy's missile capacity is around 80 sea-to-sea and shore-to-sea missiles in the first round of fire alone, with a range from the Yugoslav coast all the way to the other coast of the Adriatic.

Opening of Belgrade-Sarajevo Roadway Viewed

92BA1353C Belgrade POLITIKA in Serbo-Croatian
13 Aug 92 p 9

[Article by E. Komljenovic: "On the Trail of the Initiative by Prime Minister Milan Panic: How To Open a Road From Belgrade to Sarajevo"]

[Text] *A road link to Pale already exists, but the problem is getting down from Romanija to the banks of the Miljacka; buses are getting through to Serbian Krajina; humanitarian aid escorted by warplanes.*

"I want to open a road from Belgrade to Sarajevo as soon as possible so that aid can arrive," the energetic FRY [Federal Republic of Yugoslavia] Prime Minister Milan Panic announced on two occasions in the past few days. In Budapest, where he recently met with his Croatian colleague, Dr. Ante Greguric, Panic proposed that the Belgrade-Zagreb highway be reopened immediately, among other things.

Apparently the experienced businessman knows that breaking off transportation links means detrimental isolation for people. It is impossible to deliver food and medicine to the victims of this suicidal war; babies have died in Banja Luka because of the interrupted supplies of oxygen cylinders, and everyone has stopped counting the casualties who perished simply because they could not be transported to the doctor's office. In addition, we have been warned that international military intervention will be used to ensure the delivery of humanitarian aid to the war-ravaged people.

Capital of the Serbian Republic of Bosnia-Herzegovina [B-H]

The artery from Belgrade to Sarajevo (actually to Serbian Pale, in Romanija) has practically remained unbroken for all these five months of horrible ethnic clashes in mountainous Bosnia. Where and how does one get to Pale, the temporary capital of the Serbian Republic of B-H?

All Serbian roads, whether through Sabac, Valjevo, or Ljubovija, come together at Zvornik, where one crosses the bridge to Karakaja to enter the incendiary Bosnian lands. One remains on the asphalt road toward Tuzla, but no further than the town of Caparde on Snagovo Hill, because the fighting has not calmed down in nearby Kalesija, halfway between Zvornik and Tuzla. Turning left at Caparde and passing by the old Serbian monastery at Papraca, the somewhat narrower but still asphalt road leads to Sekovici, the opstina center in the legendary Birac.

The town of Tisca, several kilometers after Sekovici, is a crossroads on the Zvornik-Kladanj route. Take a right and you are headed toward Muslim Kladanj—absolutely not! Thus, one goes left to Vlasenica, and then uphill on a rather curvy but good asphalt road, finally arriving at the magnificent Romanija plateau, if something can be pretty when surrounded by bloodshed. The next town is Han-Pijesak, then Sokolac, and finally the now-famous Pale.

Sarajevo-at-Pale, as someone ironically called the Olympic city of half a million, currently the biggest city of death in the world, is only 10 km from the provisional Serbian capital. However, because of the mine fields and sniper nests below, next to Kozja Cuprija and Bembasa, it is impossible to approach the Miljacka. It is true that Serbs use forest roads through Trebevic to connect with Vojkovici, Lukavica, and Ilidza, but this is not what Prime Minister Panic wants; he wants a secure transportation artery for the undisturbed delivery of humanitarian aid.

10 Bridges Blown Up

The runway at Sarajevo airport, which the Serbian side voluntarily handed over to UNPROFOR [United Nations Protection Force] forces for deliveries of aid, unfortunately must suspend incoming flights frequently because of the crazy shelling by an "unidentified" aggressor. The road link between Sarajevo and Split, through Dalmatia and western Herzegovina, is neither secure nor capable of handling massive traffic with huge transporters. All other approaches to the main city of B-H are cut off by the fighting.

From the FR [Federal Republic of] Yugoslavia westward into Bosnia and further to the Serbian borderlands of Lika, Banija, and Kordun, the road connection through Kuzmin, Bijeljina, Brcko, Modrica, and Banja Luka is secure, after which one passes to the south through Bosansko Grahovo toward Knin or through Kostajnica in the north toward Glina.

Many wars have rumbled through the homeland of Bosnia. No one can remember any that was darker than the one today, in terms of both human and material sacrifices. On the Sava alone, for example, five bridges have been blown up. The same number on the Neretva. Nothing is known about the fate of numerous links between river shores.

We can only hope that the good-intentioned offer of Prime Minister Milan Panic will become a reality. Because it is preeminently humane.

Transportation Ministry on Belgrade-Sarajevo Route

92BA1353D Belgrade POLITIKA in Serbo-Croatian
13 Aug 92 p 9

[Text] TANJUG—The Belgrade-Sarajevo highway could perhaps be opened if all sides were to give a "green light" for its use, according to the Federal Ministry for Transportation and Communication.

If a route from Belgrade to Sarajevo via Slavonski and Bosanski Brod were to be opened, permission would be sought from the ministries of Serbia and Croatia, the authorities of the Serbian nation in Bosnia-Herzegovina, and the Muslim side.

As things stand today, it might be fastest to "put into operation" a route from Belgrade across the Drina with crossings at Zvornik, Ljubovija, or Visegrad, toward Sokolac and Pale. It would also be possible to utilize a route from Belgrade across the Sava, toward Sremska Mitrovica, Bjeljina, and Derventa, although it is utterly unclear how one would get to Sarajevo from there.

In order to utilize any of these routes, it would be necessary to gain firm guarantees from representatives of the authorities of the Serbian nation in Bosnia-Herzegovina, from the Muslim and Croatian armed forces, and possibly from the various paramilitary formations as well.

The federal ministry has no exact data on the condition of roads in parts of Croatia and in Bosnia-Herzegovina. It is known, for example, that part of the road from Zvornik to Sarajevo at Kalesija was recently destroyed in war clashes, but even that information has not been confirmed, they say.

There is practically no real information about other stretches of road leading to Sarajevo either. The question is how to get from Pale to the center of Sarajevo by road and, probably more importantly, who would guarantee safety on the streets of the capital of Bosnia-Herzegovina itself.

Importance of Serbian Sector of Danube Waterway

92BA1353E Belgrade POLITIKA in Serbo-Croatian
10 Aug 92 p 12

[Article by Blagoje Komljenovic: "The Danube—More Than a River: Serbs, Too, Board Constanta-Rotterdam Ship"]

[Text] *A new major waterway created with the completion of the Regensburg-Nuremberg canal; Charlemagne's idea becomes a reality; we have 588 km of the Danube; there*

have been wars before, but it is always possible to sail on the river, says Dusan Strugar, director of the JRB [Yugoslav River Navigation].

Wherever there is water, there is life. This is why the oldest civilizations declared rivers sacred, settled around them, and in prayers begged them for good harvests, an abundance of drinking water, and bountiful catches of fish. Even today, there are 30 million Egyptians settled along the Nile. By the same token, the wealth of Mesopotamia, in the Middle East, was situated between the sacred Tigris and Euphrates Rivers. In India it is the famous Ganges, in China the Yangtze, in the United States the Mississippi, in Brazil the Amazon, in Australia the Darling, and in Europe the Danube.

Nor has contemporary civilization, which compares present-day annual progress with previous ages, abandoned the rivers; on the contrary. This is why new problems have emerged from the invasion of people onto the river banks, which is increasingly threatening their biological survival. Mass "green" movements are springing up in the fight to clean up the water and its surrounding areas. There is no longer any government in the world that is not protecting its rivers from polluters through special legislation. On the beautiful blue Danube, as the Viennese praised it in song, much of this has changed, but it still remains a calm current passing through eight European countries, from Switzerland to the Black Sea, 2,857 km long. We are the middle country along its course, and as much as 588 km of the Danube is ours. This resource cannot be divided up, even by the latest breakup of federal Yugoslavia, despite the fact that we are threatened by numerous resolutions to the effect that all the goods of the former Yugoslavia will be parceled out and "fraternally" distributed to all the newly created states in the Balkans.

The Germans are making considerable progress in preparing for the upcoming celebration marking the connection of the Danube with the Atlantic Ocean. It took a full seven decades to dig the 171 km canal—from Regensburg on the Danube to Nuremberg on the Main—resulting in a new major waterway, the longest in Europe (3,505 km), from Rotterdam to Constanta. The first ships will set sail along this route on 25 September. This will in fact be the realization of a grand idea by Charlemagne from the beginning of the 19th century [as published].

From the Atlantic to the Black Sea

With the Danube, the canal, and the Main, it will be possible to transport more than 7 million metric tons of various cargo each year, along a route that is three times shorter than the circuitous route through the Mediterranean and the English Channel, and naturally at half the cost. In addition, thanks to the canal, the eight Danubian countries gain a water link to the five most developed northern European countries: Switzerland, France, Germany, the Netherlands, and Belgium. The Germans stand to gain the most from this undertaking, in which

they have invested enormous capital, while landlocked countries (Austria, Hungary, and Czechoslovakia) will now be able to sail on the Danube not only to the Black Sea, but also to the Atlantic coast.

It is true that since 28 December of last year our ships have not entered Germany on the Danube, due to the political blockade, but this discrimination will not continue forever. "There have been many wars, emperors, and changes in systems along the banks of the Danube, but it has always been possible to sail on the river," says Dusan Strugar, the director of Yugoslav River Navigation (JRB). Thus, the new Main-Danube canal will be of tremendous benefit to our country as well. This is confirmed by one example: Rail transport from Regensburg to the Austrian border currently costs 70 German marks [DM] per ton, which is the same amount that it costs to ship by boat from Regensburg to Belgrade, a distance of 1,200 km.

Transport by water is irreplaceable in the trade of mass goods. Cement, stone, fertilizer, various ores, and even grain cannot withstand world competition if more than DM100 per ton must be paid for transport. Nor is it a coincidence that goods from Japan, Hong Kong, Korea, and Taiwan would not be taking over Europe if they did not use oil delivered by transoceanic ships.

Ready and Waiting for New Rules

Although up to now we have been the number three Danubian country in terms of the number of flag vessels, we cannot boast that we are adequately taking advantage

of the blessings of this central European river. It could even be said that we are unprepared as we await the opening of the Main-Danube canal, through which only standardized ships will be able to pass: self-propelled (80-m long, 9.5-m wide, with a draft of 2.5 m and a capacity of 1,350 tons) and two-element push-towboats (two barges plus a push-towboat, 185-m long with a capacity of up to 3,300 tons). Yugoslav River Navigation has only push-towboats and barges.

The Serbian Government, appreciating the importance of the Danube and its canal, has decided to speed up the development of the river fleet through stockholder participation of 40 percent. In this way, provisions are made for the construction of 77 vessels by the domestic shipbuilding industry over the next two years.

Clearly the Danube is not just a navigable river. From its hydroelectric plants at Djerdap, we get one-third of the electricity that we need, and through a network of canals between its banks and the Tisa, we have made the entire Vojvodinan plain fertile. The Danube quenches the thirst of numerous cities, is attractive for tourism and sports.... One could say that the Danube is Serbia's greatest potential resource not only for opening up quicker and cheaper routes for us into Europe, but also vice versa—for bringing in capital from Europe for urbanization and the overall development of the economy along the 588 km of its course through Yugoslavia. Among the "lures" for foreign businessmen are the economic free zones in five cities on the Danube—Belgrade, Novi Sad, Pancevo, Smederevo, and Kovin.

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